



SCHEDULE A

DRAFT ANNUAL BUDGET AND SUPPORTING DOCUMENTATION OF KGATELOPELE MUNICIPALITY

2016/17

ANNUAL BUDGET OF

KGATELOPELE MUNICIPALITY

2016/17 TO 2018/19
MEDIUM TERM REVENUE AND
EXPENDITURE FORECASTS

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Abbreviations and Acronyms

AMR	Automated Meter Reading	ℓ	litre
ASGISA	Accelerated and Shared Growth Initiative	LED	Local Economic Development
BPC	Budget Planning Committee	MEC	Member of the Executive Committee
CBD	Central Business District	MFMA	Municipal Financial Management Act Programme
CFO	Chief Financial Officer	MIG	Municipal Infrastructure Grant
CM	Town Manager	MMC	Member of Mayoral Committee
CPI	Consumer Price Index	MPRA	Municipal Properties Rates Act
CRRF	Capital Replacement Reserve Fund	MSA	Municipal Systems Act
DBSA	Development Bank of South Africa	MTEF	Medium-term Expenditure Framework
DoRA	Division of Revenue Act	MTREF	Medium-term Revenue and Expenditure Framework
DWA	Department of Water Affairs	NERSA	National Electricity Regulator South Africa
EE	Employment Equity	NGO	Non-Governmental organisations
EEDSM	Energy Efficiency Demand Side Management	NKPIs	National Key Performance Indicators
EM	Executive Mayor	OHS	Occupational Health and Safety
EPWP	Extended Public Works Programme	OP	Operational Plan
FBS	Free basic services	PBO	Public Benefit Organisations
GAMAP	Generally Accepted Municipal Accounting Practice	PHC	Provincial Health Care
GDP	Gross domestic product	PMS	Performance Management System
GDS	Gauteng Growth and Development Strategy	PPE	Property Plant and Equipment
GFS	Government Financial Statistics	PPP	Public Private Partnership
GRAP	General Recognised Accounting Practice	PTIS	Public Transport Infrastructure System
HR	Human Resources	RG	Restructuring Grant
HSRC	Human Science Research Council	RSC	Regional Services Council
IDP	Integrated Development Strategy	SALGA	South African Local Government Association
IT	Information Technology	SAPS	South African Police Service
kℓ	kilolitre	SDBIP	Service Delivery Budget Implementation Plan
km	kilometre	SMME	Small Micro and Medium Enterprises
KPA	Key Performance Area		
KPI	Key Performance Indicator		
KWh	kilowatt		

Part 1 – Annual Budget

1.1 Mayor's Report

It is a great honour to present to you the draft multi-year budget for Kgatelopele Municipality in respect of the 2015/16, 2016/17 and 2017/18 financial years.

The Budget has been aligned with the key objectives as expressed in the Integrated Development Plan (IDP), with the emphasis on delivery of basic services to our community.

Members of Council, this multi-year budget is tabled in terms of the Municipal Finance Management Act (MFMA), No 56 of 2003 and in terms of the Municipal Budget & Reporting Regulations the MFMA requires that the budget be tabled ninety (90) days before the start of the financial year.

Furthermore, I need to indicate that the budget increases in particular the electricity tariffs are in light of the increase in electricity tariffs from Eskom. The economy of South Africa has been adversely affected by the electricity crisis, and is also reflective in the subsequent increase in electricity tariffs.

The municipalities' major source of revenue is generated by Electricity, and with the electricity losses of the municipality estimated at 17.99% (No technical losses), management is taking an active approach at reducing the electricity losses, in order to improve the revenue base of the municipality. Increased focus on the distribution of pre-paid electricity and theft there-off is one of the main activities that the municipality is undertaking in the 2016/17 financial year. Increased efforts to improve credit control is also one of the major focus points in the 2016/17 financial year.

Governance

The Internal Audit Unit has been established, and is fully functional. Management has appointed two audit officers on a permanent basis in the Internal Audit Unit.

The municipality has also appointed the PMS and IDP officers on a permanent basis to improve on performance management, as it is an integral part of achieving the goals as outlined in the IDP/SDBIP of the municipality.

Housing

The municipality is faced with serious land development issues. A major factor that plays a role is the outcome of the dolomite study which also impacts negatively on available land and housing needs. Land is desperately needed for the development of RDP housing, as well as for middle class consumers for the development of residential areas. It is also critical that land be made available for the development of the commercial sector in Danielskuil. The municipality for

the 2016/17 financial year however did not receive an allocation for the building of RDP housing, or the development of any land for re-distribution.

Economic Development

As part of Government's aim to create jobs, provision has been made in the budget for EPWP job creation projects to the value of R1 000 000 through the EPWP Grant.

Infrastructure Development

The Municipality has received funding for the upgrade of bulk water networks and refurbishment of electricity networks in the Danielskuil area.

RATES & PROPERTY

- The Property Rates tariff will increase in accordance with the predicted CPI inflation rate plus one percent (6.6%) increase with an expected revenue of R11 295 000 for the 2016/17 financial year.

FREE BASIC SERVICES

- Free Basic Services for an estimated 1 166 households will be provided in the new financial year to the value of R4 531 000.

CONCLUSION

I want to encourage Council and officials to work together to overcome the challenges we are still facing to make this Municipality a success where basic service delivery is concerned.

I am quite confident that all the role players in the municipality will each do their part to take Kgatelopele to a higher level.

In spite of our differences, let us live out our moto, Re Kgatelopele: *Moving Forward!*

I THANK YOU

1.2 Council Resolutions

On 15 March 2016 the Council of Kgatelopele Local Municipality met in the Council Chambers of Kgatelopele Municipality to consider the draft annual budget of the municipality for the financial year 2016/17. The Council approved and adopted the following resolutions:

1. The Council of Kgatelopele Local Municipality, acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) approves and adopts:
 - 1.1. The draft annual budget of the municipality for the financial year 2016/17 and the multi-year and single-year capital appropriations as set out in the following tables:
 - 1.1.1. Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in Table 2 on page 7;
 - 1.1.2. Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in Table 19 on page 35;
 - 1.1.3. Budgeted Financial Performance (revenue by source and expenditure by type) as contained in Table 21 on page 37; and
 - 1.1.4. Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source as contained in Table 22 on page 42.
 - 1.2. The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables:
 - 1.2.1. Budgeted Financial Position as contained in Table 18 on page 33;
 - 1.2.2. Budgeted Cash Flows as contained in Table 24 on page 46;
 - 1.2.3. Cash backed reserves and accumulated surplus reconciliation as contained in Table 25 on page 47;
 - 1.2.4. Asset management as contained in Table 26 on page 49; and
 - 1.2.5. Basic service delivery measurement as contained in Table 28 on page 52.
2. The Council of Kgatelopele Local Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2016: as per Annexure A
3. To give proper effect to the municipality's annual budget, the Council of Kgatelopele Local Municipality approves:
 - 3.1. That cash backing is implemented through the utilisation of a portion of the revenue generated from property rates to ensure that all capital reserves and provisions, unspent long-term loans and unspent conditional grants are cash backed as required in terms of the municipality's funding and reserves policy as prescribed by section 8 of the Municipal Budget and Reporting Regulations.

1.3 Executive Summary

The application of sound financial management principles for the compilation of the Municipalities financial plan is essential and critical to ensure that Kgatelopele remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

The Municipalities IDP priorities were reviewed as part of this year's planning and budget process. Where appropriate, funds were transferred from low- to high-priority programmes so as to maintain sound financial stewardship. The IDP/BUDGET processes plan of the municipality was effected as outline in the plan, during the compilation of the draft budget of the municipality. The intention of the municipality was to ensure the participation of the community in the budget and IDP processes. It is important to note that the municipality had to increase its tariffs on electricity to 7.64% in order to remain in line with the Eskom tariff increase.

The Municipality has embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers. Furthermore, the Municipality has undertaken various customer care initiatives to ensure the municipality truly involves all citizens in the process of ensuring a people lead government.

National Treasury's MFMA Circular No. 78 and 79 were used to guide the compilation of the 2016/17 MTREF.

The main challenges experienced during the compilation of the 2016/17 MTREF can be summarised as follows:

- The ongoing difficulties in the national and local economy;
- Low payment percentages versus ever increasing prices;
- Expansion of the service delivery need of the community versus the amount allocated for infrastructure development;
- The increased cost of bulk electricity (due to tariff increases from Eskom), which is placing upward pressure on service tariffs to residents. Continuous high tariff increases are not sustainable - as there will be point where services will no longer be affordable;
- Wage increases for municipal staff that continue to exceed consumer inflation, as well as the need to fill critical vacancies;
- Affordability of capital projects – original allocations had to be reduced and the operational expenditure associated with prior year's capital investments needed to be factored into the budget as part of the 2016/17 MTREF process; and
- Availability of land for redistribution and outcome of dolomite study.

The following budget principles and guidelines directly informed the compilation of the 2016/17 MTREF:

- The 2015/16 Adjustments Budget priorities and targets, as well as the base line allocations contained in that Adjustments Budget were adopted as the upper limits for the new baselines for the 2016/17 annual budget;
- Intermediate service level standards were used to inform the measurable objectives, targets and backlog eradication goals;
- Tariff and property rate increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of bulk water and electricity. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs;
- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act.

In view of the aforementioned, the following table is a consolidated overview of the proposed 2016/17 Medium-term Revenue and Expenditure Framework:

Table 1 Consolidated Overview of the 2016/17 MTREF

NC086 Kgatelopele - Table A1 Budget Summary										
Description	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
R thousands	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Financial Performance										
Property rates	6 021	3 453	9 194	10 218	10 218	10 218	–	11 295	11 995	12 703
Service charges	24 674	28 528	31 941	39 354	39 354	39 354	–	37 631	39 961	42 322
Investment revenue	53	1 136	102	130	130	130	–	151	161	170
Transfers recognised - operational	11 088	34 295	21 405	21 917	21 917	21 917	–	22 464	23 416	23 810
Other own revenue	2 785	2 209	1 635	3 745	3 745	3 745	–	7 624	7 786	7 969
Total Revenue (excluding capital transfers and contributions)	44 621	69 619	64 278	75 364	75 364	75 364	–	79 164	83 319	86 975
Employee costs	12 380	14 189	18 246	21 768	24 229	24 229	–	26 070	27 948	29 876
Remuneration of councillors	1 989	2 122	2 192	2 086	2 435	2 435	–	2 614	2 802	2 996
Depreciation & asset impairment	10 646	11 154	12 858	4 230	4 230	4 230	–	5 309	5 638	5 970
Finance charges	2 233	–	210	350	230	230	–	245	260	275
Materials and bulk purchases	14 113	14 198	15 234	22 245	22 205	22 205	–	19 212	20 971	22 888
Transfers and grants	3 983	7 257	7 699	5 233	5 233	5 233	–	4 531	4 812	5 096
Other expenditure	11 796	17 447	27 839	19 454	16 802	16 802	–	20 902	21 757	22 648
Total Expenditure	57 139	66 367	84 278	75 366	75 364	75 364	–	78 883	84 188	89 749
Surplus/(Deficit)	(12 518)	3 252	(20 001)	(2)	0	0	–	281	(869)	(2 774)

Total operating revenue has grown by 5.04% from the previous year. The percentages increase on the tariffs is the estimated CPIX rate plus 1% percent (6.6%) on refuse and sewerage, and 7.64% increase on electricity tariffs.

1.4 Operating Revenue Framework

For Kgatelopele to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The municipality's revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Growth in Kgatelopele and continued economic development;
- Efficient revenue management, which aims to ensure a 70% annual collection rate for property rates and other key service charges;
- Electricity tariff increases as approved by the National Electricity Regulator of South Africa (NERSA);
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;

- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- Increase ability to extend new services and recover costs;
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of Kgatelopele.

The following table is a summary of the 2016/17 MTREF (classified by main revenue source):

Table 2 Summary of revenue classified by main revenue source

NC086 Kgatelopele - Table A4 Budgeted Financial Performance (revenue and expenditure)

WCCO Kgalapole - Table A4 Budgeted Financial Performance (Revenue and Expenditure)											
Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Revenue By Source											
Property rates	2	6 021	3 453	9 194	10 218	10 218	10 218	-	11 295	11 995	12 703
Property rates - penalties & collection charges					-	-	-	-	-	-	-
Service charges - electricity revenue	2	12 351	13 214	31 941	20 193	20 193	20 193	-	22 545	23 943	25 356
Service charges - water revenue	2	5 178	6 117	-	8 483	8 483	8 483	-	8 556	9 083	9 623
Service charges - sanitation revenue	2	3 104	3 840	-	4 461	4 461	4 461	-	2 050	2 177	2 306
Service charges - refuse revenue	2	4 041	5 356	-	6 217	6 217	6 217	-	4 479	4 757	5 038
Service charges - other					-	-	-	-	-	-	-
Rental of facilities and equipment		279	321	235	260	260	260		96	102	108
Interest earned - external investments		53	1 136	102	130	130	130		151	161	170
Interest earned - outstanding debtors				254	180	180	180		112	118	125
Dividends received			7		-	-	-		-	-	-
Fines			24	8	50	50	50		2 720	2 734	2 748
Licences and permits					144	144	144		143	152	161
Agency services				717	960	960	960		204	217	248
Transfers recognised - operational		11 088	34 295	21 405	21 917	21 917	21 917		22 464	23 416	23 810
Other revenue	2	2 506	1 856	421	2 151	2 151	2 151	-	4 349	4 463	4 579
Gains on disposal of PPE					-	-	-		-	-	-
Total Revenue (excluding capital transfers and contributions)		44 621	69 619	64 278	75 364	75 364	75 364	-	79 164	83 319	86 975
Expenditure By Type											
Employee related costs	2	12 380	14 189	18 246	21 768	24 229	24 229	-	26 070	27 948	29 876
Remuneration of councillors		1 989	2 122	2 192	2 086	2 435	2 435		2 614	2 802	2 996
Debt impairment	3	1 793	5 640	10 321	5 800	5 800	5 800		3 951	3 706	3 487
Depreciation & asset impairment	2	10 646	11 154	12 858	4 230	4 230	4 230	-	5 309	5 638	5 970
Finance charges		2 233		210	350	230	230		245	260	275
Bulk purchases	2	12 264	12 756	13 716	16 991	16 991	16 991	-	17 755	19 424	21 250
Other materials	8	1 849	1 442	1 518	5 254	5 214	5 214		1 457	1 547	1 638
Contracted services		2 924	3 409	3 191	3 900	3 900	3 900		5 386	5 720	6 058
Transfers and grants		3 983	7 257	7 699	5 233	5 233	5 233	-	4 531	4 812	5 096
Other expenditure	4, 5	7 078	8 399	14 327	9 754	7 102	7 102	-	11 565	12 331	13 103
Loss on disposal of PPE											
Total Expenditure		57 139	66 367	84 278	75 366	75 364	75 364	-	78 883	84 188	89 749
Surplus/(Deficit)		(12 518)	3 252	(20 001)	(2)	0	0	-	281	(869)	(2 774)
Transfers recognised - capital		13 247		10 231							
Contributions recognised - capital	6	-	-	-	12 707	12 707	12 707	-	9 173	10 120	8 814
Contributed assets											
Surplus/(Deficit) after capital transfers & contributions		729	3 252	(9 770)	12 705	12 707	12 707	-	9 454	9 251	6 040
Taxation											
Surplus/(Deficit) after taxation		729	3 252	(9 770)	12 705	12 707	12 707	-	9 454	9 251	6 040
Attributable to minorities											
Surplus/(Deficit) attributable to municipality		729	3 252	(9 770)	12 705	12 707	12 707	-	9 454	9 251	6 040
Share of surplus/ (deficit) of associate	7										
Surplus/(Deficit) for the year		729	3 252	(9 770)	12 705	12 707	12 707	-	9 454	9 251	6 040

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

In the 2016/17 financial year, revenue from rates and services charges totalled R48 926 000. This increases to R51 956 000 and R55 025 000 in the respective financial years of the MTREF. This growth can be mainly attributed to the increased share that the sale of electricity contributes to the total revenue mix, which in turn is due to rapid increases in the Eskom tariffs for bulk electricity. The above table excludes revenue foregone arising from discounts and rebates associated with the tariff policies of the Municipality.

Electricity revenue is the largest revenue source totalling 46% or R22 545 000. Secondly is property rates totalling 23% or R11 295 000 and thirdly water revenue totalling 17.5% or R8 556 000 and increases to R9 083 000 by 2017/18. Departments have been urged to review the tariffs of these items on an annual basis to ensure they are cost reflective and market related.

Table 3 Operating Transfers and Grant Receipts

NC086 Kgatelopele - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		15 208	17 959	18 842	20 909	-	-	21 618	22 517	23 810
Local Government Equitable Share		12 918	14 659	15 302	17 104			17 858	19 385	21 210
Finance Management		1 500	1 500	1 650	1 875			2 010	2 345	2 600
Municipal Systems Improvement		790	800	890	930			750	787	-
EPWP Incentive		-	1 000	1 000	1 000			1 000	-	-
Other transfers/grants [insert description]										
Provincial Government:		292	922	979	833	-	-	846	898	-
Health subsidy		-	495	522	-			-	-	-
Sport and Recreation		292	427	457	833			846	898	-
Other transfers/grants [insert description]										
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:		-	-	-	3 276	-	-	-	-	-
ACIP (Water infrastructure)					3 276					
INEP (Electricity Infrastructure)										
Total Operating Transfers and Grants	5	15 500	18 881	19 821	25 018	-	-	22 464	23 415	23 810
Capital Transfers and Grants										
National Government:		7 727	9 373	8 898	9 431	-	-	9 173	10 120	8 814
Municipal Infrastructure Grant (MIG)		7 727	9 373	8 898	7 931			7 673	8 120	8 314
INEP (Electricity Infrastructure)					1 500			1 500	2 000	500
Other capital transfers/grants [insert desc]										
Provincial Government:		-	-	-	-	-	-	-	-	-
Other capital transfers/grants [insert description]										
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:		-	-	-	-	-	-	-	-	-
ACIP (Water infrastruc										
Total Capital Transfers and Grants	5	7 727	9 373	8 898	9 431	-	-	9 173	10 120	8 814
TOTAL RECEIPTS OF TRANSFERS & GRANTS		23 227	28 254	28 719	34 449	-	-	31 637	33 535	32 624

Tariff-setting is a crucial and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of Kgatelopele.

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. Municipalities must justify in their budget documentation all increases in excess of the 6% upper boundary of the South African Reserve Bank's inflation target. Excessive increases are likely to be counterproductive, resulting in higher levels of non-payment.

The 9.4% increase of Eskom bulk tariffs are beyond the mentioned inflation target. Given that these tariff increases are determined by external agencies, the impact they have on the municipality's electricity and in these tariffs are largely outside the control of Kgatelopele. Discounting the impact of these price increases in lower consumer tariffs will erode Kgatelopele's future financial position and viability.

It must also be appreciated that the consumer price index, as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilised for the calculation of the CPI consist of items such as food, petrol and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, bulk purchases of electricity and water, petrol, diesel, chemicals, cement etc. The current challenge facing Kgatelopele is managing the gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions. Within this framework Kgatelopele has undertaken the tariff setting process relating to service charges as follows.

1.4.1 Property Rates

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process. The tariff for property rates in the 2016/17, budget is in line with CPIX inflation plus additional 1% at 6.6% increase. The municipality has also looked at restructuring the property rates policy to make provision for more categories of properties to be levied specific tariffs. Increase in the property rates of clubs, taverns, businesses, guesthouses, and the mining industry. The municipality also increased the amount of rebates given.

The following stipulations in the Property Rates Policy are highlighted:

- The first R15 000 of the market value of a property used for residential purposes is excluded from the rate-able value (Section 17(h) of the MPRA). In addition to this rebate, a further R15 000 reduction on the market value of a property will be granted in terms of Kgatelopele's own Property Rates Policy;
- The Municipality may award a 100% grant-in-aid on the assessment rates of rate-able properties of certain classes such as registered welfare organizations, institutions or organizations performing charitable work, sports grounds used for purposes of amateur sport. The owner of such a property must apply to the Chief Financial Officer in the prescribed format for such a grant.

Table 4 Comparison of proposed rates to be levied for the 2016/17 financial year

KGATELOPELE LOCAL MUNICIPALITY			
TARIFFS 2016/2017			
	UNIT	KGATELOPELE	
		Rounded off to nearest cent	Rounded off to nearest cent
		Tariff 2016/2017 (Excl VAT) R c	Tariff 2016/2017 (Incl VAT) R c
PROPERTY RATES			
Residential properties	Stand	0.008845	
Industrial Properties	Stand	0.017690	
Business & Commercial Properties	Stand	0.013268	
Farm Properties used for:		0.000000	
Agricultural purpose	Farm	0.002828	
Business & commercial purpose	Farm	0.002828	
Residential purpose	Farm	0.002828	
Other purpose	Farm	0.002828	
Farm Properties not used for any purpose	Farm	0.002828	
State owned properties	Stand	0.007076	
Municipal properties - Exempted	Stand	0.000000	
Public Service Infrastructure - Exempted	Stand	0.000000	
Privately owned towns serviced by the owner	Stand	0.007076	
Formal & informal Settlements	Stand	0.000000	
Communal Land (S1 Communal Land Right Act 2004)	Stand	0.000000	
State Trust Land	Stand	0.000000	
Properties acquired through Provision of Land Assistance Act 126 of 1993, or Restitution of Land Rights Act 22 of 1994 which is subject to the communal Property Associations Act 28 of 1996		0.000000	
Listed Protected Areas - Exempted	Stand	0.000000	
Properties on which National Monuments are Proclaimed - Exempted on approval of application	Stand	0.000000	
Properties owned by Public Benefit Organisations used for benefit of listed in the 9th schedule to income tax act	Stand	0.000000	
Properties used for Multiple Purpose i.t.o. S9 of Property Rates Act	Stand	0.011057	
Blocks of Flats		0.008845	
Mining		0.017690	
Small Holdings	Stand	0.007076	

1.4.2 Sale of Water and Impact of Tariff Increases

South Africa faces similar challenges with regard to water supply as it did with electricity, since demand growth outstrips supply. Consequently, National Treasury is encouraging all municipalities to carefully review the level and structure of their water tariffs to ensure:

- Water tariffs are not fully cost-reflective – including the cost of maintenance and renewal of purification plants, water networks and the cost associated with reticulation expansion;
- Water tariffs are structured to protect basic levels of service and ensure the provision of free water to the poorest of the poor (indigent); and
- Water tariffs are designed to encourage efficient and sustainable consumption.

In addition National Treasury has urged all municipalities to ensure that water tariff structures are cost reflective by 2016.

Indigent households will be receiving 6kl of water free, every month which will be subsidised from equitable share. In comparison with last year's increase, and in light of the increase on the other main sources of revenue water tariffs has increase with least amount of money.

Table 5 Proposed Water Tariffs 2016/17

	UNIT	KGATELOPELE	
		Tariff 2016/2017 (Excl VAT)	Rounded off to nearest cent
		R c	Tariff 2016/2017 (Incl VAT) R c
WATER			
Domestic households			
Tariffs Applied for:			
Block 1 (0-6 kl) 6	kL	6.09	6.94
Block 2 (7.-25 kl) 18	kL	6.82	7.78
Block 3 (26 - 50 kl) 24	kL	7.83	8.93
Block 4 (>51 kl)	kL	9.31	10.62
Basic Charge (inclusive of basic charge per borehole)	Stand	76.12	86.77
Basic Charge (Indigents) (0-6 kl)	Stand	FREE	6.94
Basic Charge (Vacant)	Stand	228.36	260.33
Business			
Tariffs Applied for:			
Block 1 (0-6 kl)	kL	7.62	8.68
Block 2 (7.-25 kl)	kL	8.53	9.73
Block 3 (26 - 50 kl)	kL	9.78	11.15
Block 4 (>51 kl)	kL	11.64	13.27
Basic Charge (inclusive of basic charge per borehole)	Stand	228.36	260.33
Basic Charge (Vacant)	Stand	685.06	780.97
Industrial			
Tariffs Applied for:			
Block 1 (0-6 kl)	kL	9.15	10.43
Block 2 (7.-25 kl)	kL	10.23	11.66
Block 3 (26 - 50 kl)	kL	11.75	13.39
Block 4 (>51 kl)	kL	13.97	15.93
Basic Charge (inclusive of basic charge per borehole)	Stand	228.36	260.33
Basic Charge (Vacant)	Stand	685.07	780.98
Tanker:			
12 000 lt Water tanker	km	As per AA Tariffs	As per AA Tariffs
Plus per 12kl	kL	77.50	88.35
6 000 lt Water tanker	km	As per AA Tariffs	As per AA Tariffs
Plus per 6kl	kL	36.56	41.68

The following table shows the impact of the proposed increases in water tariffs on the water charges for a single dwelling house:

Table 6 Comparison between current water charges and increases (Domestic)

	UNIT	KGATELOPELE	
		Tariff 2015/2016 (Excl VAT)	Tariff 2016/2017 (Excl VAT)
		R c	R c
WATER			
Domestic households			
Tariffs Applied for:			
Block 1 (0-6 kl) 6	kL	5.71	6.09
Block 2 (7.-25 kl) 18	kL	6.40	6.82
Block 3 (26 - 50 kl) 24	kL	7.35	7.83
Block 4 (>51 kl)	kL	8.74	9.31
Basic Charge (inclusive of basic charge per borehole)	Stand	71.40	76.12
Basic Charge (Indigents) (0-6 kl)	Stand	FREE	FREE
Basic Charge (Vacant)	Stand	214.22	228.36

Sale of Electricity and Impact of Tariff Increases

NERSA has announced the revised bulk electricity pricing structure. A 9.4% increase in the Eskom bulk electricity tariff to municipalities will be effective from 1 July 2016. The bulk electricity payments of 23% will also be budgeted for 2016/17.

Considering the Eskom increases, the consumer tariff had to be increased by 7.64%.

Registered indigents will again be granted 50 kWh per 30-day period free of charge.

The following table shows the impact of the proposed increases in electricity tariffs.

Table 7 Comparison between current electricity charges and increases (Domestic)

	UNIT	KGATELOPELE	
		Tariff 2015/2016 (Excl VAT)	Tariff 2016/2017 (Excl VAT)
		R c	R c
ELECTRICITY			
Domestic Households (Prepaid)			
Tariffs Applied for:			
Block 1 (0-50 kWh)	kWh	0.7866	0.85
Block 2 (51-350 kWh)	kWh	0.9979	1.07
Block 3 (351-600 kWh)	kWh	1.4137	1.52
Block 4 (>600 kWh)	kWh	1.6606	1.79
Basic Charges	Per Meter	15.0000	16.15
Basic Charges (Indigent) - Only for first prepaid meter	Per Meter	FREE	FREE
Basic Charges (Indigent) - Second, third ,etc. prepaid meter	Per Meter	15.0000	16.15
Domestic Households (Conventional)			
Tariffs Applied for:			
Block 1 (0-50 kWh)	kWh	0.7866	0.85
Block 2 (51-350 kWh)	kWh	0.9979	1.07
Block 3 (351-600 kWh)	kWh	1.4137	1.52
Block 4 (>600 kWh)	kWh	1.6606	1.79
Basic Charge	Stand	203.0000	218.51
Basic Charge on Vacant Stands	Stand	284.7748	306.53

The effect thereof will be that the higher the consumption, the higher the cost per kWh. The aim is to subsidise the lower consumption users (mostly the poor). The Municipality needs to engage Eskom and Nersa with regards to the increase in Electricity tariffs and also the implementation of seasonal tariffs.

Owing to the high increases in Eskom's bulk tariffs, it is clearly not possible to fund these necessary upgrades of electricity networks through increases in the municipal electricity tariff – as the resultant tariff increases would be unaffordable for the consumers. As part of the 2016/17 medium-term capital programme, funding has been allocated to electricity infrastructure, but these funding levels will require further investigation as part of the next budget cycle in an attempt to source more funding to ensure this risk is mitigated.

1.4.3 Sanitation and Impact of Tariff Increases

A tariff increase of 6.6% for sanitation from 1 July 2016 is proposed.

- Free sanitation will be applicable to registered indigents; and
- The total revenue expected to be generated from rendering this service amounts to 0.5% or R2 050 000 for the 2016/17 financial year.

Table 8 Proposed Tariff increase.

	UNIT	KGATELOPELE	
		Tariff 2016/2017 (Excl VAT)	Rounded off to nearest cent
			Tariff 2016/2017 (Incl VAT) R c
		R c	
SEWERAGE			
Residential / Government / Churches / PBO	Point	121.18	138.15
Flats	Unit	121.18	138.15
Business / Guesthouses / Hotels / Industrial	100m ²	207.38	236.42
	Point	207.38	236.42
	Unit	207.38	236.42
Septic Tank	per month	121.18	138.15
	ad-hoc	382.69	436.26
Sewerage Connection New	Connection	COST + 15 %	COST + 15 %

1.4.4 Waste Removal and Impact of Tariff Increases

EnviroServe Waste Management rendering the solid waste removal on behalf of the council, the service is operating at a lost, hence tariffs has been increased to 6.6% for the 2016/17 financial year.

The following table compares current and proposed amounts payable from 1 July 2016:

	UNIT	KGATELOPELE	
		Tariff 2015/2016 (Excl VAT)	Tariff 2016/2017 (Excl VAT)
		R c	R c
SEWERAGE			
Residential / Government / Churches / PBO	Point	113.68	121.18
Flats	Unit	113.68	121.18
Business / Guesthouses / Hotels / Industrial	100m ²	194.54	207.38
	Point	194.54	207.38
	Unit	194.54	207.38
Septic Tank	per month	113.68	121.18
	ad-hoc	358.99	382.69
Sewerage Connection New	Connection	COST + 15 %	COST + 15 %

1.4.5 Overall impact of tariff increases on households

The following table shows the overall expected impact of the tariff increases on a normal household, as well as an indigent household receiving free basic services.

Impact on normal household accounts (R31.90 Increase)

SERVICE TYPE	UNITS	2015/16	2016/17
PREPAID ELEC	420.2 UNITS 2015/16 399.7 UNITS 2016/17	R500.00	R500.00
PREPAID BASIC		R17.10	R18.40
WATER	AVG OF 20KI PM	R141.26	R150.56
WATER BASIC		R81.40	R86.77
SANITATION		R129.50	R138.15
REFUSE		R110.69	R117.97
TOTAL		R979.95	R1 011.85

Impact on indigent household accounts (R27.98 Increase)

SERVICE TYPE	UNITS	2015/16	2016/17
PREPAID ELEC	50 KWH FREE (INDIGENTS ONLY)	R45.00	R47.80
PREPAID BASIC		R17.10	R18.40
WATER	6KI FREE (INDIGENTS ONLY)	R39.06	R41.64
WATER BASIC		R81.40	R86.77
SANITATION		R129.50	R138.15
REFUSE		R110.69	R117.97
TOTAL		R422.75	R450.73

Table 9 MBRR Table SA14 – Household bills

NC086 Kgatelopele - Supporting Table SA14 Household bills

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17 % incr.	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Rand/cent											
Monthly Account for Household - 'Middle Income Range'	1										
Rates and services charges:											
Property rates		229.01	241.60	254.89	272.73			6.6%	290.73	308.76	326.97
Electricity: Basic levy		91.16	101.21	112.37	126.08			7.6%	135.71	144.13	152.63
Electricity: Consumption		956.36	1 061.84	1 178.96	1 322.79			7.6%	1 423.85	1 512.13	1 601.35
Water: Basic levy		50.91	53.71	56.66	60.29			6.6%	64.27	68.25	72.28
Water: Consumption		115.11	121.77	128.47	136.69			6.6%	145.71	154.75	163.88
Sanitation		92.49	97.57	102.94	110.15			6.6%	117.42	124.70	132.05
Refuse removal		65.94	69.56	73.39	78.53			6.6%	83.71	88.90	94.15
Other		-	-	-	-						
sub-total		1 600.98	1 747.26	1 907.68	2 107.26	-	-	7.3%	2 261.40	2 401.61	2 543.31
VAT on Services											
Total large household bill:		1 600.98	1 747.26	1 907.68	2 107.26	-	-	7.3%	2 261.40	2 401.61	2 543.31
% increase/-decrease			9.1%	9.2%	10.5%	(100.0%)	-		-	6.2%	5.9%
Monthly Account for Household - 'Affordable Range'	2										
Rates and services charges:											
Property rates		229.01	241.60	254.89	481.50			6.6%	513.28	545.10	577.26
Electricity: Basic levy		91.16	101.21	112.37	126.08			7.6%	135.71	144.13	152.63
Electricity: Consumption		956.36	1 061.84	1 178.96	2 833.05			7.6%	3 049.50	3 238.56	3 429.64
Water: Basic levy		50.91	53.71	56.66	60.29			6.6%	64.27	68.25	72.28
Water: Consumption		115.11	121.77	128.47	710.75			6.6%	757.66	804.64	852.11
Sanitation		92.49	97.57	102.94	110.15			6.6%	117.42	124.70	132.05
Refuse removal		65.94	69.56	73.39	78.53			6.6%	83.71	88.90	94.15
Other		-	-	-	-						
sub-total		1 600.98	1 747.26	1 907.68	4 400.34	-	-	7.3%	4 721.54	5 014.27	5 310.12
VAT on Services											
Total small household bill:		1 600.98	1 747.26	1 907.68	4 400.34	-	-	7.3%	4 721.54	5 014.27	5 310.12
% increase/-decrease			9.1%	9.2%	130.7%	(100.0%)	-		-	6.2%	5.9%
Monthly Account for Household - 'Indigent' Household receiving free basic services	3										
Rates and services charges:											
Property rates											
Electricity: Basic levy					15.00			7.6%	16.15	17.15	18.16
Electricity: Consumption					88.64			7.6%	95.41	101.33	107.31
Water: Basic levy								6.6%	76.12	80.84	85.61
Water: Consumption					72.52			6.6%	77.31	82.10	86.94
Sanitation								6.6%	121.18	128.69	136.29
Refuse removal								6.6%	103.48	109.90	116.38
Other											
sub-total		-	-	-	176.16	-	-	178.0%	489.64	520.00	550.68
VAT on Services											
Total small household bill:		-	-	-	176.16	-	-	178.0%	489.64	520.00	550.68
% increase/-decrease			-	-	-	(100.0%)	-		-	6.2%	5.9%

1.5 Operating Expenditure Framework

Kgatelopele's expenditure framework for the 2016/17 budget and MTREF is informed by the following:

- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- Operational gains and efficiencies will be directed to funding the capital budget and other core services; and

The following table is a high level summary of the 2016/17 budget and MTREF (classified per main type of operating expenditure):

Table 10 Summary of operating expenditure by standard classification item

NC086 Kgatelopele - Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand	1									
Revenue - Standard										
<i>Governance and administration</i>		33 194	41 092	31 939	11 943	11 943	11 943	38 371	40 155	41 388
Executive and council		-	-	43	52	52	52	22 464	23 416	23 810
Budget and treasury office		33 194	41 092	31 896	1 673	1 673	1 673	4 612	4 744	4 875
Corporate services		-	-	-	10 218	10 218	10 218	11 295	11 995	12 703
<i>Community and public safety</i>		-	-	397	2 432	2 411	2 411	96	102	108
Community and social services		-	-	397	281	260	260	96	102	108
Sport and recreation		-	-	-	2 151	2 151	2 151	-	-	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		-	-	-	23 071	21 917	21 917	3 067	3 102	3 156
Planning and development		-	-	-	1 154	-	-	3 067	3 102	3 156
Road transport		-	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	21 917	21 917	21 917	-	-	-
<i>Trading services</i>		24 674	28 528	42 172	39 354	39 354	39 354	37 630	39 960	42 323
Electricity		12 351	13 214	31 941	20 193	20 193	20 193	22 545	23 943	25 356
Water		5 178	6 117	10 231	8 483	8 483	8 483	8 556	9 083	9 623
Waste water management		3 104	3 840	-	4 461	4 461	4 461	2 050	2 177	2 306
Waste management		4 041	5 356	-	6 217	6 217	6 217	4 479	4 757	5 038
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Revenue - Standard	2	57 868	69 619	74 509	76 800	75 625	75 625	79 164	83 319	86 975
Expenditure - Standard										
<i>Governance and administration</i>		32 724	30 701	61 723	20 536	20 536	20 536	33 345	35 415	37 503
Executive and council		4 334	4 189	5 294	3 231	3 231	3 231	7 076	7 515	7 958
Budget and treasury office		28 390	26 512	56 428	12 726	12 726	12 726	13 736	14 588	15 449
Corporate services		-	-	-	4 579	4 579	4 579	12 532	13 311	14 096
<i>Community and public safety</i>		6 970	9 892	603	878	878	878	1 013	1 075	1 139
Community and social services		6 970	9 494	603	878	878	878	963	1 022	1 083
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	50	53	56
Health		-	398	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		-	-	1 220	2 600	2 600	2 600	8 661	9 198	9 740
Planning and development		-	-	1 220	450	450	450	5 158	5 478	5 801
Road transport		-	-	-	2 150	2 150	2 150	3 503	3 720	3 940
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		15 188	22 311	15 351	51 352	51 353	51 353	35 864	38 501	41 366
Electricity		12 264	14 145	5 490	34 005	34 005	34 005	21 779	23 129	24 494
Water		-	1 608	2 242	6 983	6 983	6 983	7 413	8 287	9 369
Waste water management		-	1 370	2 211	5 842	5 843	5 843	3 243	3 444	3 647
Waste management		2 924	5 188	5 408	4 522	4 522	4 522	3 429	3 641	3 856
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Expenditure - Standard	3	54 883	62 905	78 897	75 366	75 367	75 367	78 883	84 188	89 749
Surplus/(Deficit) for the year		2 985	6 715	(4 388)	1 434	258	258	281	(869)	(2 774)

The budgeted allocation for employee related costs for the 2016/17 financial year totals 33% of total operating expenditure or R26 070 000. Council remuneration amounts to R 2 614 000. Based on the three year collective SALGBC agreement, salary increases have been factored into this budget at a 7.6% increase of the 2016/17 financial year. An annual increase of 7.2% and 6.9% respectively has been included in the two outer years of the MTREF. As part of Kgatelopele's cost reprioritization and cash management strategy vacancies have been significantly rationalized downwards. As part of the planning assumptions and interventions all vacancies were originally removed from the budget.

The cost associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public

Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling Kgatelopele's budget.

The provision of debt impairment was determined based on an annual collection rate of 70% and the Debt Write-off Policy of Kgatelopele. For the 2016/17 financial year this amount equates to R3 950 820 and decrease to R3 487 223 by 2018/19. While this expenditure is considered to be a non-cash flow item, it informed the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriations in this regard total R5 309 000 for the 2016/17. Note that the implementation of GRAP 17 accounting standard has meant bringing a range of assets previously not included in the assets register onto the register. This has resulted in a significant increase in depreciation relative to previous years.

Bulk purchases are directly informed by the purchase of electricity from Eskom. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. The expenditures include distribution losses.

1.5.1 Priority given to repairs and maintenance

NC086 Kgatelopele - Supporting Table SA34c Repairs and maintenance expenditure by asset class

Description	Ref				Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework			
		2012/13	2013/14	2014/15	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome							
Repairs and maintenance expenditure by Asset Class/Sub-class											
Infrastructure	2	1 092	720	–	3 824	–	–	9 173	10 120	9 314	
Infrastructure - Road transport		1 092	–	–	270	–	–	–	–	–	
Roads, Pavements & Bridges		1 092			270						
Storm water											
Infrastructure - Electricity		–	–	–	944	–	–	1 500	2 000	500	
Generation											
Transmission & Reticulation					944						
Street Lighting								1 500	2 000	500	
Infrastructure - Water		–	720	–	1 400	–	–	7 673	8 120	8 814	
Dams & Reservoirs											
Water purification											
Reticulation			720		1 400			7 673	8 120	8 814	
Infrastructure - Sanitation		–	–	–	1 110	–	–	–	–	–	
Reticulation					1 110						
Sewerage purification											
Infrastructure - Other		–	–	–	100	–	–	–	–	–	
Waste Management					100						
Transportation											
Gas											
Other											
Community			–	–	–	93	–	–	157	–	–
Parks & gardens		7				52			20		
Sportsfields & stadia											
Swimming pools											
Community halls						19			87		
Libraries											
Recreational facilities											
Fire, safety & emergency											
Security and policing											
Buses											
Clinics											
Museums & Art Galleries											
Cemeteries					22			50			
Social rental housing	8										
Other											
Heritage assets		–	–	–	–	–	–	–	–	–	
Buildings	9										
Other											
Investment properties		–	–	–	–	–	–	–	–	–	
Housing development											
Other											
Other assets		–	722	1 518	1 336	–	–	1 300	–	–	
General vehicles	10				683			500			
Specialised vehicles		–	–	–	–	–	–	–	–	–	
Plant & equipment								300			
Computers - hardware/equipment					300			30			
Furniture and other office equipment								20			
Abattoirs											
Markets											
Civic Land and Buildings								250			
Other Buildings								200			
Other Land											
Surplus Assets - (Investment or Inventory)											
Other			–	722	1 518	353					
Agricultural assets			–	–	–	–	–	–	–	–	–
List sub-class											
Biological assets		–	–	–	–	–	–	–	–	–	
List sub-class											
Intangibles		–	–	–	–	–	–	–	–	–	
Computers - software & programming											
Other (list sub-class)											
Total Repairs and Maintenance Expenditure	1	1 092	1 442	1 518	5 253	–	–	10 630	10 120	9 314	
Specialised vehicles		–	–	–	–	–	–	–	–	–	
Refuse											
Fire											
Conservancy											
Ambulances											

The municipality provided for a 7.1% year on year increase on the maintenance and repairs of the municipality. It is the intention of the municipality to improve on the maintenance plans of the municipality and to provide better structure in terms of the implementation of these plans.

1.5.2 Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of Kgatelopele's Indigent Policy. Detail relating to free services, cost of free basis services, revenue lost owing to free basic services as well as basic service delivery measurement is contained in Table MBRR A10 (Basic Service Delivery Measurement).

The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act.

1.6 Capital expenditure

The following table provides a breakdown of budgeted capital expenditure by vote:

Table 11 2016/17 Medium-term capital budget per vote

NC086 Kgatelopele - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description R thousand	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	2										
Vote 1 - EXECUTIVE AND COUNCIL		-	-	-	-	-	-	-	-	-	-
Vote 2 - MUNICIPAL MANAGER		-	-	-	-	-	-	-	-	-	-
Vote 3 - CORPORATE SERVICES		-	905	-	-	-	-	-	200	-	-
Vote 4 - BUDGET AND TREASURY OFFICE		-	-	-	-	-	-	-	2 010	2 345	2 600
Vote 5 - TECHNICAL SERVICES		-	-	-	12 707	12 707	12 707	-	10 173	10 120	8 814
Vote 6 - COMMUNITY SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 7 - ECONOMIC AND ENVIRONMENT SERVICE		5 977	5 298	-	-	-	-	-	-	-	-
Vote 8 - TRADING SERVICE		1 719	4 766	-	-	-	-	-	2 000	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	7 696	10 969	-	12 707	12 707	12 707	-	14 383	12 465	11 414
Single-year expenditure to be appropriated	2										
Vote 1 - EXECUTIVE AND COUNCIL		-	-	-	-	-	-	-	-	-	-
Vote 2 - MUNICIPAL MANAGER		-	-	-	-	-	-	-	-	-	-
Vote 3 - CORPORATE SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 4 - BUDGET AND TREASURY OFFICE		-	-	-	-	-	-	-	-	-	-
Vote 5 - TECHNICAL SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 6 - COMMUNITY SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 7 - ECONOMIC AND ENVIRONMENT SERVICE		-	-	-	-	-	-	-	-	-	-
Vote 8 - TRADING SERVICE		-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Vote		7 696	10 969	-	12 707	12 707	12 707	-	14 383	12 465	11 414
Capital Expenditure - Standard											
<i>Governance and administration</i>		-	905	-	-	-	-	-	2 210	2 345	2 600
Executive and council											
Budget and treasury office									2 010	2 345	2 600
Corporate services		-	905	-	-	-	-	-	200	-	-
<i>Community and public safety</i>		-	-	-	-	-	-	-	-	-	-
Community and social services		-	-	-	-	-	-	-	-	-	-
Sport and recreation											
Public safety											
Housing											
Health											
<i>Economic and environmental services</i>		5 977	5 298	-	2 100	2 100	2 100	-	1 000	-	-
Planning and development					-	-	-				
Road transport		5 977	5 298		2 100	2 100	2 100		1 000		
Environmental protection					-	-	-				
<i>Trading services</i>		1 719	4 766	-	10 607	10 607	10 607	-	11 173	10 120	8 814
Electricity		69		-	1 500	1 500	1 500		2 500	2 000	500
Water		44	4 041	-	8 916	8 916	8 916		7 673	8 120	8 314
Waste water management		165	724	-	191	191	191		1 000		
Waste management		1 441		-	-	-	-				
<i>Other</i>					-	-	-				
Total Capital Expenditure - Standard	3	7 696	10 969	-	12 707	12 707	12 707	-	14 383	12 465	11 414
Funded by:											
National Government		7 696	10 969	-	7 931	7 931	7 931		12 183	12 465	11 414
Provincial Government				-	4 776	4 776	4 776				
District Municipality					-	-	-				
Other transfers and grants					-	-	-				
Transfers recognised - capital	4	7 696	10 969	-	12 707	12 707	12 707	-	12 183	12 465	11 414
Public contributions & donations	5		-								
Borrowing	6			-							
Internally generated funds									2 200		
Total Capital Funding	7	7 696	10 969	-	12 707	12 707	12 707	-	14 383	12 465	11 414

For 2016/17 an amount of R12 183 000 has been appropriated for the development of infrastructure which represents 84.7% of the total capital budget.

NC086 Kgatelopele - Supporting Table SA34a Capital expenditure on new assets by asset class

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand	1									
Capital expenditure on new assets by Asset Class/Sub-class										
Infrastructure		7 696	8 902	–	12 707	12 707	12 707	10 173	10 120	9 314
Infrastructure - Road transport		5 977	4 861	–	2 100	2 100	2 100	1 000	–	–
Roads, Pavements & Bridges		5 977	4 861	–	2 100	2 100	2 100	1 000	–	–
Storm water					–	–	–			
Infrastructure - Electricity		69	–	–	1 500	1 500	1 500	1 500	2 000	500
Generation					–	–	–			
Transmission & Reticulation		69	–	–	–	–	–			
Street Lighting					1 500	1 500	1 500	1 500	2 000	500
Infrastructure - Water		44	4 041	–	8 916	8 916	8 916	7 673	8 120	8 814
Dams & Reservoirs					5 640	5 640	5 640			
Water purification					–	–	–			
Reticulation		44	4 041	–	3 276	3 276	3 276	7 673	8 120	8 814
Infrastructure - Sanitation		165	–	–	–	–	–	–	–	–
Reticulation		165			–	–	–			
Sewerage purification					–	–	–			
Infrastructure - Other		1 441	–	–	191	191	191	–	–	–
Waste Management		1 441			191	191	191			
Transportation	2									
Gas	3									
Other										
Community		–	221	–	–	–	–	–	–	–
Parks & gardens				–						
Sportsfields & stadia										
Swimming pools										
Community halls				–						
Libraries			221							
Recreational facilities										
Fire, safety & emergency				–						
Security and policing										
Buses	7									
Clinics										
Museums & Art Galleries				–						
Cemeteries										
Social rental housing	8			–						
Other				–						
Heritage assets		–	–	–	–	–	–	–	–	–
Buildings										
Other	9									
Investment properties		–	–	–	–	–	–	–	–	–
Housing development										
Other										
Other assets		–	1 122	9 551	–	–	–	2 650	–	–
General vehicles			1 122	9 551				2 000		
Specialised vehicles	10	–	–	–	–	–	–	–	–	–
Plant & equipment			–	–						
Computers - hardware/equipment			–	–				650		
Furniture and other office equipment			–	–						
Abattoirs										
Markets										
Civic Land and Buildings										
Other Buildings										
Other Land										
Surplus Assets - (Investment or Inventory)										
Other			–	–						
Agricultural assets		–	–	–	–	–	–	–	–	–
List sub-class										
Biological assets		–	–	–	–	–	–	–	–	–
List sub-class										
Intangibles		–	–	–	–	–	–	–	–	–
Computers - softw are & programming										
Other (list sub-class)										
Total Capital Expenditure on new assets	1	7 696	10 245	9 551	12 707	12 707	12 707	12 823	10 120	9 314
Specialised vehicles		–	–	–	–	–	–	–	–	–
Refuse										
Fire										
Conservancy										
Ambulances										

1.7 Annual Budget Tables - Parent Municipality

The following eighteen pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2016/17 budget and MTREF as approved by the Council. Each table is accompanied by *explanatory notes* on the facing page.

Table 12 MBRR Table A1 - Budget Summary

NC086 Kgatelopele - Table A1 Budget Summary

Description	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousands										
Financial Performance										
Property rates	6 021	3 453	9 194	10 218	10 218	10 218	-	11 295	11 995	12 703
Service charges	24 674	28 528	31 941	39 354	39 354	39 354	-	37 631	39 961	42 322
Investment revenue	53	1 136	102	130	130	130	-	151	161	170
Transfers recognised - operational	11 088	34 295	21 405	21 917	21 917	21 917	-	22 464	23 416	23 810
Other own revenue	2 785	2 209	1 635	3 745	3 745	3 745	-	7 624	7 786	7 969
Total Revenue (excluding capital transfers and contributions)	44 621	69 619	64 278	75 364	75 364	75 364	-	79 164	83 319	86 975
Employee costs	12 380	14 189	18 246	21 768	24 229	24 229	-	26 070	27 948	29 876
Remuneration of councillors	1 989	2 122	2 192	2 086	2 435	2 435	-	2 614	2 802	2 996
Depreciation & asset impairment	10 646	11 154	12 858	4 230	4 230	4 230	-	5 309	5 638	5 970
Finance charges	2 233	-	210	350	230	230	-	245	260	275
Materials and bulk purchases	14 113	14 198	15 234	22 245	22 205	22 205	-	19 212	20 971	22 888
Transfers and grants	3 983	7 257	7 699	5 233	5 233	5 233	-	4 531	4 812	5 096
Other expenditure	11 796	17 447	27 839	19 454	16 802	16 802	-	20 902	21 757	22 648
Total Expenditure	57 139	66 367	84 278	75 366	75 364	75 364	-	78 883	84 188	89 749
Surplus/(Deficit)	(12 518)	3 252	(20 001)	(2)	0	0	-	281	(869)	(2 774)
Transfers recognised - capital	13 247	-	10 231	-	-	-	-	-	-	-
Contributions recognised - capital & contributed	-	-	-	12 707	12 707	12 707	-	9 173	10 120	8 814
Surplus/(Deficit) after capital transfers & contributions	729	3 252	(9 770)	12 705	12 707	12 707	-	9 454	9 251	6 040
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	729	3 252	(9 770)	12 705	12 707	12 707	-	9 454	9 251	6 040
Capital expenditure & funds sources										
Capital expenditure	7 696	10 969	-	12 707	12 707	12 707	-	14 383	12 465	11 414
Transfers recognised - capital	7 696	10 969	-	12 707	12 707	12 707	-	12 183	12 465	11 414
Public contributions & donations	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	-	-	-	-	-	-	-	2 200	-	-
Total sources of capital funds	7 696	10 969	-	12 707	12 707	12 707	-	14 383	12 465	11 414
Financial position										
Total current assets	23 404	12 636	13 983	32 370	32 370	7 830	-	35 751	38 457	41 164
Total non current assets	83 014	171 041	196 434	-	-	-	-	-	-	-
Total current liabilities	12 380	13 716	25 623	7 800	7 800	7 800	-	10 840	10 837	11 476
Total non current liabilities	-	3 288	6 594	-	-	-	-	-	-	-
Community wealth/Equity	94 040	164 973	180 665	226 878	24 570	24 570	-	-	-	-
Cash flows										
Net cash from (used) operating	10 723	3 482	10 087	26 620	26 620	26 620	-	14 958	14 611	17 140
Net cash from (used) investing	(7 764)	(10 969)	(9 731)	7 931	7 931	7 931	-	(9 173)	(10 120)	(8 814)
Net cash from (used) financing	(2 582)	(1 081)	(1 169)	980	980	980	-	(636)	-	-
Cash/cash equivalents at the year end	9 910	1 127	314	36 693	36 693	36 693	-	5 149	9 640	17 966
Cash backing/surplus reconciliation										
Cash and investments available	7 700	1 127	314	-	-	-	-	-	-	-
Application of cash and investments	4 059	2 026	14 770	(22 296)	(22 296)	520	-	(25 298)	(27 362)	(32 936)
Balance - surplus (shortfall)	3 641	(899)	(14 456)	22 296	22 296	(520)	-	25 298	27 362	32 936
Asset management										
Asset register summary (WDV)	123 070	89 258	205 985	-	-	-	-	-	-	-
Depreciation & asset impairment	10 646	11 154	12 858	4 230	4 230	4 230	5 309	5 309	5 638	5 970
Renewal of Existing Assets	-	724	2 990	-	-	-	-	9 173	10 120	9 314
Repairs and Maintenance	1 092	1 442	1 518	5 253	-	-	10 630	10 630	10 120	9 314
Free services										
Cost of Free Basic Services provided	-	-	-	-	-	-	4 531	4 531	4 812	5 096
Revenue cost of free services provided	-	-	-	-	-	-	-	-	-	-
Households below minimum service level										
Water:	-	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:	-	-	-	-	-	-	-	-	-	-
Energy:	-	-	-	-	-	-	-	-	-	-
Refuse:	-	-	-	-	-	-	-	-	-	-

Explanatory notes to MBRR Table A1 - Budget Summary

1. Table A1 is a budget summary and provides a concise overview of Kgatelopele's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
 - a. The operating surplus/deficit (after Total Expenditure) breaks even over the MTREF
 - b. Capital expenditure is balanced by capital funding sources, of which
 - i. Transfers recognised is reflected on the Financial Performance Budget;
 - ii. Borrowing is incorporated in the net cash from financing on the Cash Flow Budget
 - iii. Internally generated funds are financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.
4. Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor. The section of Free Services shows that the amount spent on Free Basic Services and the revenue cost of free services provided by the municipality continues to increase. In addition, the municipality continues to make progress in addressing service delivery backlogs.

Table 13 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

NC086 Kgatelopele - Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand	1									
Revenue - Standard										
<i>Governance and administration</i>		33 194	41 092	31 939	11 943	11 943	11 943	38 371	40 155	41 388
Executive and council		-	-	43	52	52	52	22 464	23 416	23 810
Budget and treasury office		33 194	41 092	31 896	1 673	1 673	1 673	4 612	4 744	4 875
Corporate services		-	-	-	10 218	10 218	10 218	11 295	11 995	12 703
<i>Community and public safety</i>		-	-	397	2 432	2 411	2 411	96	102	108
Community and social services		-	-	397	281	260	260	96	102	108
Sport and recreation		-	-	-	2 151	2 151	2 151	-	-	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		-	-	-	23 071	21 917	21 917	3 067	3 102	3 156
Planning and development		-	-	-	1 154	-	-	3 067	3 102	3 156
Road transport		-	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	21 917	21 917	21 917	-	-	-
<i>Trading services</i>		24 674	28 528	42 172	39 354	39 354	39 354	37 630	39 960	42 323
Electricity		12 351	13 214	31 941	20 193	20 193	20 193	22 545	23 943	25 356
Water		5 178	6 117	10 231	8 483	8 483	8 483	8 556	9 083	9 623
Waste water management		3 104	3 840	-	4 461	4 461	4 461	2 050	2 177	2 306
Waste management		4 041	5 356	-	6 217	6 217	6 217	4 479	4 757	5 038
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Revenue - Standard	2	57 868	69 619	74 509	76 800	75 625	75 625	79 164	83 319	86 975
Expenditure - Standard										
<i>Governance and administration</i>		32 724	30 701	61 723	20 536	20 536	20 536	33 345	35 415	37 503
Executive and council		4 334	4 189	5 294	3 231	3 231	3 231	7 076	7 515	7 958
Budget and treasury office		28 390	26 512	56 428	12 726	12 726	12 726	13 736	14 588	15 449
Corporate services		-	-	-	4 579	4 579	4 579	12 532	13 311	14 096
<i>Community and public safety</i>		6 970	9 892	603	878	878	878	1 013	1 075	1 139
Community and social services		6 970	9 494	603	878	878	878	963	1 022	1 083
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	50	53	56
Health		-	398	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		-	-	1 220	2 600	2 600	2 600	8 661	9 198	9 740
Planning and development		-	-	1 220	450	450	450	5 158	5 478	5 801
Road transport		-	-	-	2 150	2 150	2 150	3 503	3 720	3 940
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		15 188	22 311	15 351	51 352	51 353	51 353	35 864	38 501	41 366
Electricity		12 264	14 145	5 490	34 005	34 005	34 005	21 779	23 129	24 494
Water		-	1 608	2 242	6 983	6 983	6 983	7 413	8 287	9 369
Waste water management		-	1 370	2 211	5 842	5 843	5 843	3 243	3 444	3 647
Waste management		2 924	5 188	5 408	4 522	4 522	4 522	3 429	3 641	3 856
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Expenditure - Standard	3	54 883	62 905	78 897	75 366	75 367	75 367	78 883	84 188	89 749
Surplus/(Deficit) for the year		2 985	6 715	(4 388)	1 434	258	258	281	(869)	(2 774)

Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
2. Note that as a general principle the revenues for the Trading Services should exceed their expenditures. The table highlights that this is the case for Electricity, Water, Waste water functions and the Waste management function. As already noted above, the municipality will be undertaking a detailed study of this function to explore ways of improving efficiencies and provide a basis for re-evaluating the function's tariff structure.
3. Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources.

Table 14 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

NC086 Kgatelopele - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand										
Revenue by Vote	1									
Vote 1 - EXECUTIVE AND COUNCIL		-	-	-	10 218	10 218	10 218	22 464	23 416	23 810
Vote 2 - MUNICIPAL MANAGER		-	-	-	-	-	-	-	-	-
Vote 3 - CORPORATE SERVICES		-	-	-	23 071	23 071	23 071	3 913	4 000	3 156
Vote 4 - BUDGET AND TREASURY OFFICE		-	-	-	2 721	2 721	2 721	51 691	55 801	59 901
Vote 5 - TECHNICAL SERVICES		-	-	-	39 354	39 354	39 354	1 096	102	108
Vote 6 - COMMUNITY SERVICES		-	-	-	-	-	-	-	-	-
Vote 7 - ECONOMIC AND ENVIRONMENT SERVICE		-	-	-	-	-	-	-	-	-
Vote 8 - TRADING SERVICE		-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	-	-	-	75 364	75 364	75 364	79 164	83 319	86 975
Expenditure by Vote to be appropriated	1									
Vote 1 - EXECUTIVE AND COUNCIL		-	-	-	3 231	3 231	3 231	3 218	3 417	3 619
Vote 2 - MUNICIPAL MANAGER		-	-	-	-	-	-	11 440	12 152	12 867
Vote 3 - CORPORATE SERVICES		-	-	-	8 056	8 056	8 056	7 841	8 327	8 819
Vote 4 - BUDGET AND TREASURY OFFICE		-	-	-	12 726	12 726	12 726	13 736	14 588	15 449
Vote 5 - TECHNICAL SERVICES		-	-	-	51 351	51 351	51 351	42 598	45 652	48 939
Vote 6 - COMMUNITY SERVICES		-	-	-	-	-	-	50	53	56
Vote 7 - ECONOMIC AND ENVIRONMENT SERVICE		-	-	-	-	-	-	-	-	-
Vote 8 - TRADING SERVICE		-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	-	-	-	75 364	75 364	75 364	78 883	84 188	89 749
Surplus/(Deficit) for the year	2	-	-	-	-	-	-	281	(869)	(2 774)

Explanatory notes to MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

- Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of Kgatelopele. This means it is possible to present the operating surplus or deficit of a vote. The following table is an analysis of the surplus or deficit for the electricity and water trading services.

NC086 Kgatelopele - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description		Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
R thousand			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Revenue by Vote		1									
Vote 1 - EXECUTIVE AND COUNCIL			-	-	-	10 218	10 218	10 218	22 464	23 416	23 810
Vote 2 - MUNICIPAL MANAGER			-	-	-	-	-	-	-	-	-
Vote 3 - CORPORATE SERVICES			-	-	-	23 071	23 071	23 071	3 913	4 000	3 156
Vote 4 - BUDGET AND TREASURY OFFICE			-	-	-	2 721	2 721	2 721	51 691	55 801	59 901
Vote 5 - TECHNICAL SERVICES			-	-	-	39 354	39 354	39 354	1 096	102	108
Vote 6 - COMMUNITY SERVICES			-	-	-	-	-	-	-	-	-
Vote 7 - ECONOMIC AND ENVIRONMENT SERVICE			-	-	-	-	-	-	-	-	-
Vote 8 - TRADING SERVICE			-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]			-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]			-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]			-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]			-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]			-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]			-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]			-	-	-	-	-	-	-	-	-
Total Revenue by Vote		2	-	-	-	75 364	75 364	75 364	79 164	83 319	86 975
Expenditure by Vote to be appropriated		1									
Vote 1 - EXECUTIVE AND COUNCIL			-	-	-	3 231	3 231	3 231	3 218	3 417	3 619
Vote 2 - MUNICIPAL MANAGER			-	-	-	-	-	-	11 440	12 152	12 867
Vote 3 - CORPORATE SERVICES			-	-	-	8 056	8 056	8 056	7 841	8 327	8 819
Vote 4 - BUDGET AND TREASURY OFFICE			-	-	-	12 726	12 726	12 726	13 736	14 588	15 449
Vote 5 - TECHNICAL SERVICES			-	-	-	51 351	51 351	51 351	42 598	45 652	48 939
Vote 6 - COMMUNITY SERVICES			-	-	-	-	-	-	50	53	56
Vote 7 - ECONOMIC AND ENVIRONMENT SERVICE			-	-	-	-	-	-	-	-	-
Vote 8 - TRADING SERVICE			-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]			-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]			-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]			-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]			-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]			-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]			-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]			-	-	-	-	-	-	-	-	-
Total Expenditure by Vote		2	-	-	-	75 364	75 364	75 364	78 883	84 188	89 749
Surplus/(Deficit) for the year		2	-	-	-	-	-	-	281	(869)	(2 774)

Table 15 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)

NC086 Kgatelopele - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand	1										
Revenue By Source											
Property rates	2	6 021	3 453	9 194	10 218	10 218	10 218	–	11 295	11 995	12 703
Property rates - penalties & collection charges					–	–	–		–	–	–
Service charges - electricity revenue	2	12 351	13 214	31 941	20 193	20 193	20 193	–	22 545	23 943	25 356
Service charges - water revenue	2	5 178	6 117	–	8 483	8 483	8 483	–	8 556	9 083	9 623
Service charges - sanitation revenue	2	3 104	3 840	–	4 461	4 461	4 461	–	2 050	2 177	2 306
Service charges - refuse revenue	2	4 041	5 356	–	6 217	6 217	6 217	–	4 479	4 757	5 038
Service charges - other					–	–	–		–	–	–
Rental of facilities and equipment		279	321	235	260	260	260		96	102	108
Interest earned - external investments		53	1 136	102	130	130	130		151	161	170
Interest earned - outstanding debtors				254	180	180	180		112	118	125
Dividends received			7		–	–	–		–	–	–
Fines			24	8	50	50	50		2 720	2 734	2 748
Licences and permits					144	144	144		143	152	161
Agency services				717	960	960	960		204	217	248
Transfers recognised - operational		11 088	34 295	21 405	21 917	21 917	21 917		22 464	23 416	23 810
Other revenue	2	2 506	1 856	421	2 151	2 151	2 151	–	4 349	4 463	4 579
Gains on disposal of PPE					–	–	–		–	–	–
Total Revenue (excluding capital transfers and contributions)		44 621	69 619	64 278	75 364	75 364	75 364	–	79 164	83 319	86 975
Expenditure By Type											
Employee related costs	2	12 380	14 189	18 246	21 768	24 229	24 229	–	26 070	27 948	29 876
Remuneration of councillors		1 989	2 122	2 192	2 086	2 435	2 435		2 614	2 802	2 996
Debt impairment	3	1 793	5 640	10 321	5 800	5 800	5 800		3 951	3 706	3 487
Depreciation & asset impairment	2	10 646	11 154	12 858	4 230	4 230	4 230	–	5 309	5 638	5 970
Finance charges		2 233		210	350	230	230		245	260	275
Bulk purchases	2	12 264	12 756	13 716	16 991	16 991	16 991	–	17 755	19 424	21 250
Other materials	8	1 849	1 442	1 518	5 254	5 214	5 214		1 457	1 547	1 638
Contracted services		2 924	3 409	3 191	3 900	3 900	3 900	–	5 386	5 720	6 058
Transfers and grants		3 983	7 257	7 699	5 233	5 233	5 233	–	4 531	4 812	5 096
Other expenditure	4, 5	7 078	8 399	14 327	9 754	7 102	7 102	–	11 565	12 331	13 103
Loss on disposal of PPE											
Total Expenditure		57 139	66 367	84 278	75 366	75 364	75 364	–	78 883	84 188	89 749
Surplus/(Deficit)		(12 518)	3 252	(20 001)	(2)	0	0	–	281	(869)	(2 774)
Transfers recognised - capital		13 247		10 231							
Contributions recognised - capital	6	–	–	–	12 707	12 707	12 707	–	9 173	10 120	8 814
Contributed assets											
Surplus/(Deficit) after capital transfers & contributions		729	3 252	(9 770)	12 705	12 707	12 707	–	9 454	9 251	6 040
Taxation											
Surplus/(Deficit) after taxation		729	3 252	(9 770)	12 705	12 707	12 707	–	9 454	9 251	6 040
Attributable to minorities											
Surplus/(Deficit) attributable to municipality		729	3 252	(9 770)	12 705	12 707	12 707	–	9 454	9 251	6 040
Share of surplus/ (deficit) of associate	7										
Surplus/(Deficit) for the year		729	3 252	(9 770)	12 705	12 707	12 707	–	9 454	9 251	6 040

Table 16 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

NC086 Kgetlolepe - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand	1										
Capital expenditure - Vote											
Multi-year expenditure - to be appropriated	2										
Vote 1 - EXECUTIVE AND COUNCIL		-	-	-	-	-	-	-	-	-	-
Vote 2 - MUNICIPAL MANAGER		-	-	-	-	-	-	-	-	-	-
Vote 3 - CORPORATE SERVICES		-	905	-	-	-	-	-	200	-	-
Vote 4 - BUDGET AND TREASURY OFFICE		-	-	-	-	-	-	-	2 010	2 345	2 600
Vote 5 - TECHNICAL SERVICES		-	-	-	12 707	12 707	12 707	-	10 173	10 120	8 814
Vote 6 - COMMUNITY SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 7 - ECONOMIC AND ENVIRONMENT SERVICE		5 977	5 298	-	-	-	-	-	-	-	-
Vote 8 - TRADING SERVICE		1 719	4 766	-	-	-	-	-	2 000	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	7 696	10 969	-	12 707	12 707	12 707	-	14 383	12 465	11 414
Single-year expenditure - to be appropriated	2										
Vote 1 - EXECUTIVE AND COUNCIL		-	-	-	-	-	-	-	-	-	-
Vote 2 - MUNICIPAL MANAGER		-	-	-	-	-	-	-	-	-	-
Vote 3 - CORPORATE SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 4 - BUDGET AND TREASURY OFFICE		-	-	-	-	-	-	-	-	-	-
Vote 5 - TECHNICAL SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 6 - COMMUNITY SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 7 - ECONOMIC AND ENVIRONMENT SERVICE		-	-	-	-	-	-	-	-	-	-
Vote 8 - TRADING SERVICE		-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Vote		7 696	10 969	-	12 707	12 707	12 707	-	14 383	12 465	11 414
Capital Expenditure - Standard											
Governance and administration		-	905	-	-	-	-	-	2 210	2 345	2 600
Executive and council											
Budget and treasury office									2 010	2 345	2 600
Corporate services		-	905	-	-	-	-	-	200	-	-
Community and public safety		-	-	-	-	-	-	-	-	-	-
Community and social services		-	-	-	-	-	-	-	-	-	-
Sport and recreation											
Public safety											
Housing				-							
Health											
Economic and environmental services		5 977	5 298	-	2 100	2 100	2 100	-	1 000	-	-
Planning and development					-	-	-				
Road transport		5 977	5 298		2 100	2 100	2 100		1 000		
Environmental protection					-	-	-				
Trading services		1 719	4 766	-	10 607	10 607	10 607	-	11 173	10 120	8 814
Electricity		69	-	-	1 500	1 500	1 500		2 500	2 000	500
Water		44	4 041	-	8 916	8 916	8 916		7 673	8 120	8 314
Waste water management		165	724	-	191	191	191		1 000		
Waste management		1 441	-	-	-	-	-				
Other					-	-	-				
Total Capital Expenditure - Standard	3	7 696	10 969	-	12 707	12 707	12 707	-	14 383	12 465	11 414
Funded by:											
National Government		7 696	10 969	-	7 931	7 931	7 931		12 183	12 465	11 414
Provincial Government				-	4 776	4 776	4 776				
District Municipality				-	-	-	-				
Other transfers and grants		-									
Transfers recognised - capital	4	7 696	10 969	-	12 707	12 707	12 707	-	12 183	12 465	11 414
Public contributions & donations	5		-								
Borrowing	6			-							
Internally generated funds									2 200		
Total Capital Funding	7	7 696	10 969	-	12 707	12 707	12 707	-	14 383	12 465	11 414

Table 6 MBRR Table A6- Final Position

NC086 Kgatelopele - Table A6 Budgeted Financial Position

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand											
ASSETS											
Current assets											
Cash		7 700	1 127	314							
Call investment deposits	1	–	–	–	–	–	–	–	–	–	–
Consumer debtors	1	8 911	6 690	9 192	32 370	32 370	7 830	–	35 751	38 457	41 164
Other debtors		6 793	4 313	3 931							
Current portion of long-term receivables											
Inventory	2		505	546							
Total current assets		23 404	12 636	13 983	32 370	32 370	7 830	–	35 751	38 457	41 164
Non current assets											
Long-term receivables											
Investments											
Investment property			5 426	6 192							
Investment in Associate											
Property, plant and equipment	3	82 947	165 593	189 929	–	–	–	–	–	–	–
Agricultural											
Biological											
Intangible		67	22	53							
Other non-current assets				260							
Total non current assets		83 014	171 041	196 434	–	–	–	–	–	–	–
TOTAL ASSETS		106 419	183 677	210 417	32 370	32 370	7 830	–	35 751	38 457	41 164
LIABILITIES											
Current liabilities											
Bank overdraft	1										
Borrowing	4	–	1 164	–	–	–	–	–	636	–	–
Consumer deposits		339	326	1 322							
Trade and other payables	4	10 111	10 810	24 046	7 800	7 800	7 800	–	10 204	10 837	11 476
Provisions		1 930	1 416	255							
Total current liabilities		12 380	13 716	25 623	7 800	7 800	7 800	–	10 840	10 837	11 476
Non current liabilities											
Borrowing		–	171	637	–	–	–	–	–	–	–
Provisions		–	3 118	5 957	–	–	–	–	–	–	–
Total non current liabilities		–	3 288	6 594	–	–	–	–	–	–	–
TOTAL LIABILITIES		12 380	17 004	32 217	7 800	7 800	7 800	–	10 840	10 837	11 476
NET ASSETS	5	94 039	166 673	178 200	24 570	24 570	30	–	24 911	27 620	29 687

Table 17 MBRR Table A7 - Budgeted Cash Flow Statement

NC086 Kgatelopele - Table A7 Budgeted Cash Flows

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand											
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates, penalties & collection charges			1 049		49 572	49 572	49 572		11 295	11 995	12 703
Service charges			22 437	29 110					37 349	39 677	47 418
Other revenue		12 903	3 802	1 123					7 512	7 668	7 844
Government - operating	1		17 875	24 503	4 776	4 776	4 776		22 464	23 416	23 810
Government - capital	1		10 098		7 931	7 931	7 931		9 173	10 120	8 814
Interest		53	1 136	102	130	130	130		263	279	295
Dividends					-	-	-		-	-	-
Payments											
Suppliers and employees			(52 629)	(44 542)	(40 806)	(40 806)	(40 806)		(64 616)	(70 027)	(75 161)
Finance charges		(2 233)	(286)	(210)	(216)	(216)	(216)		(3 951)	(3 706)	(3 487)
Transfers and Grants	1				5 233	5 233	5 233		(4 531)	(4 812)	(5 096)
NET CASH FROM/(USED) OPERATING ACTIVITIES		10 723	3 482	10 087	26 620	26 620	26 620	-	14 958	14 611	17 140
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		(67)							-	-	-
Decrease (increase) in non-current debtors									-	-	-
Decrease (increase) other non-current receivables									-	-	-
Decrease (increase) in non-current investments									-	-	-
Payments											
Capital assets		(7 697)	(10 969)	(9 731)	7 931	7 931	7 931		(9 173)	(10 120)	(8 814)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(7 764)	(10 969)	(9 731)	7 931	7 931	7 931	-	(9 173)	(10 120)	(8 814)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans									-	-	-
Borrowing long term/refinancing									-	-	-
Increase (decrease) in consumer deposits									-	-	-
Payments											
Repayment of borrowing		(2 582)	(1 081)	(1 169)	980	980	980		(636)	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		(2 582)	(1 081)	(1 169)	980	980	980	-	(636)	-	-
NET INCREASE/ (DECREASE) IN CASH HELD		377	(8 569)	(813)	35 531	35 531	35 531	-	5 149	4 491	8 326
Cash/cash equivalents at the year begin:	2	9 533	9 696	1 127	1 162	1 162	1 162		-	5 149	9 640
Cash/cash equivalents at the year end:	2	9 910	1 127	314	36 693	36 693	36 693	-	5 149	9 640	17 966

Table A8 MBRR Table A8- Cash Back Reserves

NC086 Kgatelopele - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand											
Cash and investments available											
Cash/cash equivalents at the year end	1	9 910	1 127	314	36 693	36 693	36 693	-	5 149	9 640	17 966
Other current investments > 90 days		(2 209)	(0)	0	(36 693)	(36 693)	(36 693)	-	(5 149)	(9 640)	(17 966)
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		7 700	1 127	314	-	-	-	-	-	-	-
Application of cash and investments											
Unspent conditional transfers		-	-	2 465	-	-	-	-	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2										
Other working capital requirements	3	4 059	2 026	12 305	(22 296)	(22 296)	520	-	(25 298)	(27 362)	(32 936)
Other provisions											
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5										
Total Application of cash and investments:		4 059	2 026	14 770	(22 296)	(22 296)	520	-	(25 298)	(27 362)	(32 936)
Surplus(shortfall)		3 641	(899)	(14 456)	22 296	22 296	(520)	-	25 298	27 362	32 936

Table A9 MBRR Table A9- Asset Management

NC086 Kgatelopele - Table A9 Asset Management

Description		Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand											
CAPITAL EXPENDITURE											
Total New Assets		1	7 696	10 245	9 551	12 707	12 707	12 707	12 823	10 120	9 314
Infrastructure - Road transport			5 977	4 861	-	2 100	2 100	2 100	1 000	-	-
Infrastructure - Electricity			69	-	-	1 500	1 500	1 500	1 500	2 000	500
Infrastructure - Water			44	4 041	-	8 916	8 916	8 916	7 673	8 120	8 814
Infrastructure - Sanitation			165	-	-	-	-	-	-	-	-
Infrastructure - Other			1 441	-	-	191	191	191	-	-	-
Infrastructure			7 696	8 902	-	12 707	12 707	12 707	10 173	10 120	9 314
Community			-	221	-	-	-	-	-	-	-
Heritage assets			-	-	-	-	-	-	-	-	-
Investment properties			-	-	-	-	-	-	-	-	-
Other assets		6	-	1 122	9 551	-	-	-	2 650	-	-
Agricultural Assets			-	-	-	-	-	-	-	-	-
Biological assets			-	-	-	-	-	-	-	-	-
Intangibles			-	-	-	-	-	-	-	-	-
Total Renewal of Existing Assets		2	-	724	2 990	-	-	-	9 173	10 120	9 314
Infrastructure - Road transport			-	-	800	-	-	-	-	-	-
Infrastructure - Electricity			-	-	260	-	-	-	1 500	2 000	500
Infrastructure - Water			-	-	400	-	-	-	7 673	8 120	8 814
Infrastructure - Sanitation			-	724	300	-	-	-	-	-	-
Infrastructure - Other			-	-	-	-	-	-	-	-	-
Infrastructure			-	724	1 760	-	-	-	9 173	10 120	9 314
Community			-	-	520	-	-	-	-	-	-
Heritage assets			-	-	40	-	-	-	-	-	-
Investment properties			-	-	-	-	-	-	-	-	-
Other assets		6	-	-	670	-	-	-	-	-	-
Agricultural Assets			-	-	-	-	-	-	-	-	-
Biological assets			-	-	-	-	-	-	-	-	-
Intangibles			-	-	-	-	-	-	-	-	-
Total Capital Expenditure		4	-	-	-	-	-	-	-	-	-
Infrastructure - Road transport			5 977	4 861	800	2 100	2 100	2 100	1 000	-	-
Infrastructure - Electricity			69	-	260	1 500	1 500	1 500	3 000	4 000	1 000
Infrastructure - Water			44	4 041	400	8 916	8 916	8 916	15 346	16 240	17 628
Infrastructure - Sanitation			165	724	300	-	-	-	-	-	-
Infrastructure - Other			1 441	-	-	191	191	191	-	-	-
Infrastructure			7 696	9 626	1 760	12 707	12 707	12 707	19 346	20 240	18 628
Community			-	221	520	-	-	-	-	-	-
Heritage assets			-	-	40	-	-	-	-	-	-
Investment properties			-	-	-	-	-	-	-	-	-
Other assets			-	1 122	10 221	-	-	-	2 650	-	-
Agricultural Assets			-	-	-	-	-	-	-	-	-
Biological assets			-	-	-	-	-	-	-	-	-
Intangibles			-	-	-	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE - Asset class		2	7 696	10 969	12 541	12 707	12 707	12 707	21 996	20 240	18 628
ASSET REGISTER SUMMARY - PPE (WDV)											
Infrastructure - Road transport		5	15 740	27 659	-	-	-	-	-	-	-
Infrastructure - Electricity			1 185	13 839	-	-	-	-	-	-	-
Infrastructure - Water			44	19 262	-	-	-	-	-	-	-
Infrastructure - Sanitation			5 407	15 440	-	-	-	-	-	-	-
Infrastructure - Other			86 101	(5 826)	-	-	-	-	-	-	-
Infrastructure			108 477	70 374	-	-	-	-	-	-	-
Community			4 796	539	-	-	-	-	-	-	-
Heritage assets			-	-	260	-	-	-	-	-	-
Investment properties			-	5 426	6 192	-	-	-	-	-	-
Other assets			9 730	12 897	199 480	-	-	-	-	-	-
Agricultural Assets			-	-	-	-	-	-	-	-	-
Biological assets			-	-	-	-	-	-	-	-	-
Intangibles			67	22	53	-	-	-	-	-	-
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)		5	123 070	89 258	205 985	-	-	-	-	-	-
EXPENDITURE OTHER ITEMS											
Depreciation & asset impairment		3	10 646	11 154	12 858	4 230	4 230	4 230	5 309	5 638	5 970
Repairs and Maintenance by Asset Class			1 092	1 442	1 518	5 253	-	-	10 630	10 120	9 314
Infrastructure - Road transport			1 092	-	-	270	-	-	-	-	-
Infrastructure - Electricity			-	-	-	944	-	-	1 500	2 000	500
Infrastructure - Water			-	720	-	1 400	-	-	7 673	8 120	8 814
Infrastructure - Sanitation			-	-	-	1 110	-	-	-	-	-
Infrastructure - Other			-	-	-	100	-	-	-	-	-
Infrastructure			1 092	720	-	3 824	-	-	9 173	10 120	9 314
Community			-	-	-	93	-	-	157	-	-
Heritage assets			-	-	-	-	-	-	-	-	-
Investment properties			-	-	-	-	-	-	-	-	-
Other assets		6, 7	-	722	1 518	1 336	-	-	1 300	-	-
TOTAL EXPENDITURE OTHER ITEMS			11 738	12 596	14 376	9 483	4 230	4 230	15 939	15 758	15 284

Table A10 MBRR Table A10- Service Delivery Measurement

NC086 Kgatelopele - Table A10 Basic service delivery measurement

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Household service targets	1									
Water:										
Piped water inside dwelling		2 918	3 064	3 156	3 250	-	-	4 006	4 006	4 006
Piped water inside yard (but not in dwelling)		-	-	-	-	-	-	-	-	-
Using public tap (at least min.service level)	2	-	-	-	-	-	-	-	-	-
Other water supply (at least min.service level)	4	-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		2 918	3 064	3 156	3 250	-	-	4 006	4 006	4 006
Using public tap (< min.service level)	3	-	-	-	-	-	-	-	-	-
Other water supply (< min.service level)	4	-	-	-	-	-	-	-	-	-
No water supply		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	2 918	3 064	3 156	3 250	-	-	4 006	4 006	4 006
Sanitation/sewerage:										
Flush toilet (connected to sewerage)		-	-	-	-	-	-	3 110	3 110	3 110
Flush toilet (with septic tank)		-	-	-	-	-	-	-	-	-
Chemical toilet		-	-	-	-	-	-	-	-	-
Pit toilet (ventilated)		-	-	-	-	-	-	-	-	-
Other toilet provisions (> min.service level)		-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	3 110	3 110	3 110
Bucket toilet		-	-	-	-	-	-	-	-	-
Other toilet provisions (< min.service level)		-	-	-	-	-	-	-	-	-
No toilet provisions		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	-	-	-	-	-	-	3 110	3 110	3 110
Energy:										
Electricity (at least min.service level)		-	-	-	-	-	-	233	233	233
Electricity - prepaid (min.service level)		-	-	-	-	-	-	3 235	3 235	3 235
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	3 468	3 468	3 468
Electricity (< min.service level)		-	-	-	-	-	-	-	-	-
Electricity - prepaid (< min. service level)		-	-	-	-	-	-	-	-	-
Other energy sources		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	-	-	-	-	-	-	3 468	3 468	3 468
Refuse:										
Removed at least once a week		-	-	-	-	-	-	3 118	3 118	3 118
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	3 118	3 118	3 118
Removed less frequently than once a week		-	-	-	-	-	-	-	-	-
Using communal refuse dump		-	-	-	-	-	-	-	-	-
Using own refuse dump		-	-	-	-	-	-	-	-	-
Other rubbish disposal		-	-	-	-	-	-	-	-	-
No rubbish disposal		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	-	-	-	-	-	-	3 118	3 118	3 118
Households receiving Free Basic Service	7									
Water (6 kilolitres per household per month)		-	-	-	-	-	-	1 166	1 166	1 166
Sanitation (free minimum level service)		-	-	-	-	-	-	1 166	1 166	1 166
Electricity/other energy (50kwh per household per month)		-	-	-	-	-	-	1 166	1 166	1 166
Refuse (removed at least once a week)		-	-	-	-	-	-	1 166	1 166	1 166
Cost of Free Basic Services provided - Formal Settlements (R'000)	8									
Water (6 kilolitres per indigent household per month)		-	-	-	-	-	-	547	581	615
Sanitation (free sanitation service to indigent households)		-	-	-	-	-	-	1 806	1 918	2 031
Electricity/other energy (50kwh per indigent household per month)		-	-	-	-	-	-	630	669	708
Refuse (removed once a week for indigent households)		-	-	-	-	-	-	1 548	1 645	1 742
Cost of Free Basic Services provided - Informal Formal Settlements (R'000)		-	-	-	-	-	-	-	-	-
Total cost of FBS provided		-	-	-	-	-	-	4 531	4 812	5 096
Highest level of free service provided per household										
Property rates (R value threshold)					50 000			50 000	50 000	50 000
Water (kilolitres per household per month)					6			6	6	6
Sanitation (kilolitres per household per month)					-			-	-	-
Sanitation (Rand per household per month)					114			121	129	136
Electricity (kwh per household per month)					50			50	50	50
Refuse (average litres per week)					-			-	-	-
Revenue cost of subsidised services provided (R'000)	9									
Property rates (tariff adjustment) (impermissible values per section 17 of MPRA)										
Property rates exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA										
Water (in excess of 6 kilolitres per indigent household per month)		-	-	-	-	-	-	-	-	-
Sanitation (in excess of free sanitation service to indigent households)		-	-	-	-	-	-	-	-	-
Electricity/other energy (in excess of 50 kwh per indigent household per month)		-	-	-	-	-	-	-	-	-
Refuse (in excess of one removal a week for indigent households)		-	-	-	-	-	-	-	-	-
Municipal Housing - rental rebates										
Housing - top structure subsidies										
Other	6									
Total revenue cost of subsidised services provided		-	-	-	-	-	-	-	-	-

The municipality is intending on providing indigents services to 1 166 households for the 2016/17 financial year. It is also expecting an additional 203 erven to be availed as a residential area in the 2017/18 financial year. The municipality is currently embarking on an attempt to migrate most of its conventional electricity users to pre-paid electricity and is expecting a positive increase in the electricity users in the municipality. This is mainly done to improve the revenue in the municipality and also assist with credit control measures.

The municipality has already started on the upgrading of water infrastructure.

Part 2 – Supporting Documentation

2.1 Overview of the annual budget process

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the MMC for Finance.

The primary aims of the Budget Steering Committee are to ensure:

- that the process followed to compile the budget complies with legislation and good budget practices;
- that there is proper alignment between the policy and service delivery priorities set out in Kgatelopele's IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- that the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

2.1.1 Budget Process Overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2012) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled in Council the required IDP and budget time schedule. Key dates applicable to the process were:

The proposed budget time schedule for the 2016/17 budget year is as follows:

Steps / Actions	Section	Due date	Responsibility
September 2014			
Receive Inputs from Departments: Motivation for Roll-Over from	Best Practice	20 September 2015	Departments
Approval of Roll-Overs (Adjustment Budget)	Budget Regulation 23(5)	25 September 2015	Council
Approval of Budget Time Table	MFMA 21(1)(b)	25 September 2015	Council
Submission of Unspent Conditional Grants to National Treasury	MFMA Circular 55	31 September 2015	Finance
October 2014			
Starting of Budget process	MFMA 15	1 October 2015	Budget Office
Determine of Increase in Tariffs for	MFMA Circular 10	1 October 2015	Acting (CFO)
Indication of Increase in tariffs		1 October 2015	Acting (CFO)
Submit Quarterly Report to the			

Implementation of the Budget and the Financial State of Affairs of the Municipality	MFMA 52 (d)& Reg.31	Within 30 days of the End of End Quarter	Mayor
Revision of IDP Completed	MFMA 24(2)(c)(iv)	31 October 2015	
Receive Inputs from Department: Capital			
Budget (Emanating from Revised IDP)	Best Practice	31 October 2015	Departments
November 2014			
Receive Inputs from Departments: Operating Budget (Emanating from Revised IDP)	Best Practice	November 2015	Departments
Identifying Projects to Comply with Strategic Objective	MFMA 17	30 November 2015	Councillors and Management
Assessing of own funds	MFMA 17	30 November 2015	Finance
Availability of own funds	MFMA 17	30 November 2015	Finance
Affordability of New Loan to fund Projects	MFMA 17	30 November 2015	Finance
Possible Grant Funding Projects	MFMA 17	30 November 2015	Finance
December 2014			
Personnel Budget 2015/16 Completed	MFMA 17	7 January 2016	Departments
January 2015			
Receive Inputs from Departments: Operating Budget (Emanating from Revised IDP)	Best Practice	31 October 2015	Departments
Section 72 Mid-Year Budget and Performance Assessments	MFMA 72	25 January 2016	Municipal Manager
Submission of Mid-Year Budget and Performance Assessments to National Treasury and Provincial Treasury	Budget Regulation 35	25 January 2016	Municipal Manager
Publication of Mid-Year Budget and Performance Assessment	Budget Regulation 34(1)&(2)	Within 5 working days of 25 31 January 2016	Municipal Manager
Mayor to Submit Section 72 Report to Council	MFMA 72 & 54(F)	31 January 2016	Mayor
Determine Preliminary Tariffs	MFMA 17	31 January 2016	Manager Revenue
Revision of Budget Related Policies	MFMA 17	31 January 2016	Finance
February 2015			
Finalizing Multi-Year Budget		12 February 2016	Finance
Approval of Final Adjustment Budget	Budget Regulation 23(1)	No later than 28 February 2016	Council
March 2015			
Draft Multi-Year Budget Tabled before Council	MFMA 16 (2)	31 March 2016	Mayor
Proposed Amendments to IDP follow Annual IDP Review Process Tabled before Council	MFMA 17(3)(d)	31 March 2016	Mayor
April 2015			
Submission of Draft Multi – Year Budget to National Treasury and Provincial Treasury	MFMA 22(b)&Reg.15	Immediately After Annual Budget is Tabled	Municipal Manager
Publication of Draft Multi-Year Budget and Invite Local Community to Submit Representative in Connection with the Budget	MFMA 22(a)&Reg.15	Immediately After Annual Budget is Tabled	Municipal Manager
Submit Quarterly Report to the Council on the Implementation	MFMA 52(d)&Reg.31	Within 30 days of the End of Each Quarter	Mayor

of the Budget and the Financial State of Affairs of the Municipality			
May 2015			
Approved of Draft Multi-Year Budget and any Changes to the IDP	MFMA 24(1)&Reg.17	31 May 2015	Council
June 2015			
Submission of Approved Multi-Year Budgets to National Treasury and Provincial Treasury	Budget Regulation 20(1)&	Within 10 days after Approved by Council	Municipal Manager
Publication of Approved Multi-Year Budgets	Budget Regulation 18	Within 10 working days Approval by council	Municipal Manager
SDBIP'S Submitted to Mayor for Approval	MFMA 69(3)(a)	Within 14 days after the Approval	MM and other Manager
Draft of Annual performance Agreements as required in terms of Section (57)1(b)of the MSA for MM and all Senior Managers Submitted to Mayor for Approval	MFMA 69(3)(a)	Within 14 days after the Approval of the Budget	MM and other Manager
Approval of SDBIP'S	MFMA 53(1)(c)(ii)	Within 28 days after the approval of the Budget	Mayor
JULY 2015			
SDBIP's are made Public	MFMA 53(3)	Within 14 days After the Approval of the SDBIP	Mayor
Implementation of Budget and SDBIP's	MFMA 69(1)	1 July 2016	Municipal Manager
Submit Preliminary Quarterly Report to the Council on the Implementation of the Budget and the Financial State of Affairs of the Municipality	MFMA 52(d)&Reg.31	Within 30 days of the End of Each Quarter	Mayor

2.1.2 IDP Implementation Plan

PROCESS PLAN FOR

INTEGRATED DEVELOPMENT PLAN

2015/16 Review and Planning for 2016/2017

1. INTRODUCTION

The Municipal Systems Act (2000) section 28 1 states that “each Municipal Council within a prescribed period after the start of its elected term, must adopt a process set out in writing to guide the planning, drafting, adoption and review of its Integrated Development Plan” The Municipal Finance Management Act (2003) Section 21 further states that the “Mayor of a Municipality must co-ordinate the processes for preparing the annual budget and for reviewing the Municipality’s Integrated Development Plan and budget related policies to ensure that the tabled budget and any revisions of the integrated development plan and budget-related policies are mutually consistent and credible” This process plan will thus indicate the manner in which the Municipality will undertake the first annual review of the 3rd generation it’s Integrated Development Plan (IDP). The review of the IDP is necessary, as it allows the Municipality to update its information and evaluate how it is doing in fulfilling its developmental objectives, as envisioned in the Constitution of South Africa.

2. LEGISLATIVE CONTEXT OF THE PROCESS PLAN

2.1 MUNICIPAL SYSTEMS ACT (2000)

In terms of the Municipal Systems Act of 2000, all Municipalities have to undertake an IDP process to produce IDP. The Act further mandates Municipalities to have a Performance Management System in place. These planning tools together with other planning instruments i.e. a municipal budget are designed to assist Municipalities to be developmentally oriented and to contribute meaningfully in improving the lives of respective communities. As the aforementioned plans are the legislative requirements they have legal status and supersede all other plans that guide development al Local Government level.

Kgatelopele Municipality has completed its first round of the new 5 year IDP cycle. This was done in terms of Chapter 5 and 6, of the Municipal Systems Act and of the Municipal Finance Management Act of 2003. In terms of Section 34 of the Municipal Systems Act:

Kgatelopele Municipality is currently embarking on the IDP review for 2016/2017. This plan will address, amongst others, the following:-

- a) Comments received from the various role-players in the IDP process, especially the community and the IDP Representative Forum.
- b) Areas requiring additional attention in terms of legislation requirements;
- c) Areas identified through self-assessment;
- d) The review of KPI's (PMS) and alignment of budget;
- e) The update of the 5-year Financial Plan as well as the list of projects;
- f) Identification of new projects;
- g) The continuation of the Sector Plans to be completed;
- h) Implementation of existing projects;
- i) The update of the Spatial Development Framework (SDF) and
- j) The preparation and update of the Sector Plans.

2.2 MUNICIPAL FINANCE MANAGEMENT ACT

Chapter 4, Section 16 (1) and (2) of the Municipal Finance Management Act states that:-

- (1) The Council of the Municipality must for each financial year approve an annual budget for the Municipality before the start of that financial year.
- (2) In order for the Municipality to comply with subsection (1), the mayor of the Municipality must table the annual budget at the Council meeting at least 90 days before the start of the budget year.

Adding to the above the Act states in Section 21 (1) (b) that:-

b) at least 10 months before the start of the budget year, table in the municipal council a time schedule outlining key deadlines for:-

- (i) The preparation, tabling and approval of the annual budget;
- (ii) (ii) the annual review of-
 - (aa) the Integrated Development Plan in terms of Section 34 of the Municipal Systems Act; and
 - (bb) the budget related policies;
- (iii) The tabling and adoption of any amendments to the Integrated Development Plan and the budget-related policies; and
- (iv) Any consultative processes forming part of the processes referred to in subparagraphs (i) (ii) and (iii).

Considering this, it implies that the Mayor must table the budget process before Council, 10 months before the start of the new financial year, therefore by 31 August 2016.

3. ALIGNMENT PROCESS

The Municipal Systems Act stated that development strategies must be aligned with national and provincial sector plans as well as planning requirements. It also establishes that a single inclusive and strategic plan must be adopted which links integrates and coordinates plans.

The Municipality realized early into the first round of IDPs that good effective alignment would result in successful implementation whilst a failure to align might result in a total collapse of the implementation of the IDP. The Municipality tries to ensure alignment with involvement of the sector departments in the IDP Representative Forum.

Although alignment was not always reached fully in the previous IDP cycle the Municipality takes the following documents in account in the IDP process.

- Integrates Sustainable Rural Development Programme
- Northern Cape Provincial Growth and Development Strategy
- District Growth and Development Strategy
- National Spatial Development Perspective
- National Development Plan (Vision 2030)
- Northern Cape Provincial Spatial Development Framework (NC PSDF)

Besides the alignment with National, Provincial and District Programmes and policies internal alignment is also reached in the process plan, aligning the budget, the PMS and the IDP. This plan is also aligned with the District Process and Framework Plan. Doing this provides the linkage and binding relationships between the District and Local Municipalities in the region.

4. COMMUNITY PARTICIPATION

The Municipal Systems Act (2000), section 16 and 17 are very explicit on the need for community participation. The Municipal Systems Act section 16, indicates that a participatory system of governance is necessary to “encourage, create conditions for the local community to participate in the affairs of the Municipality. The Kgatelopele Municipality aims to encourage this participatory system of governance, by having Ward Meetings, where communities will be able to indicate what their priorities are in the Ward. This will also be strengthened by IDP Representative Forum, where different groups’ view and needs will be represented.

5. ORGANISATIONAL ARRANGEMENT

The IDP is the principal, strategic document of the Municipality, given its status, different individual / groups must play a role in making sure that it’s a document that represent the hope and aspirations of the people residing in the municipal areas.

Role Players	<ul style="list-style-type: none"> • Role and responsibilities
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IDP Steering Committee	<ul style="list-style-type: none"> Assumes the role of the political champion Councillors of the process (this is particularly important and critical as it allows for the Councillors to take ownership of the IDP process). Form the link between Management and the Representative Forum
Municipal Manager	<ul style="list-style-type: none"> Overall responsibility for the IDP
IDP Manager	<p>Responsible for managing the IDP process through</p> <ul style="list-style-type: none"> Facilitating the IDP process, Coordinating IDP related activities including capacity building programmes, Facilitating reporting and the documentation thereof, Providing secretariat functions for the IDP Steering Committee and the Representative Forum
Financial Manager	<p>Ensures that the municipal budget is linked to the IDP</p> <p>Responsible for:-</p> <ul style="list-style-type: none"> Coordinating the budget implementation in a manner aimed at addressing the issues raised in the IDP Development of the 3-year integrated financial plan
IDP Steering Committee	<p>The technical working team, also the “<i>drivers of the bus</i>”, consists of members of whom are departmental managers, 1 IDP Coordinator and 4 are Councillors. (3 Councillors and the Mayor)</p> <ul style="list-style-type: none"> This Committee meets regularly. It is chaired by the IDP Manager. It is responsible for IDP processes, resources and outputs It oversees the monthly status reports that are received from departments It makes recommendations to Council It oversees the meetings of the IDP Representative Forum The Committee is responsible for the process of integration and alignment
IDP Representative Forum	<p>20 Representatives from local organizations and communities</p> <ul style="list-style-type: none"> It forms the interface for community participation in the affairs of the Council, Operates on consensus basis in the determination of priority issues for the municipal area Participates in the annual IDP review process All the wards within the municipal area are represented on this forum through the Ward Committee members (2 per Ward)
Budget Steering Committee	<p>The Budget Steering Committee is responsible for the budget process.</p> <p>The composition of the Budget Steering Committee is as follows:-</p> <ul style="list-style-type: none"> Mayor Chairperson Finance Committee Municipal Manager Financial Manager Corporate Service Manager IDP Coordinator Councillors will be co-opted, when necessary to smoothen the process. Ward Committees Local Business Chamber Local Farmers Union IDP Rep Forum

2.1.3 Community Consultation

The draft 2016/17 MTREF as tabled before Council on 15 March 2016 for community consultation will be published on the municipality’s website and in local newspapers, and hard

copies were made available at the library. The opportunity to give electronic feedback was also communicated on the Municipality's website.

All documents in the appropriate format (electronic and printed) were provided to National Treasury, and other national and provincial departments in accordance with section 23 of the MFMA, to provide an opportunity for them to make inputs.

2.2 Overview of alignment of annual budget with IDP

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process.

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Applied to Kgatelopele, issues of national and provincial importance should be reflected in the IDP of the municipality. A clear understanding of such intent is therefore imperative to ensure that Kgatelopele strategically complies with the key national and provincial priorities.

The aim of this revision cycle was to develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and Kgatelopele's response to these requirements.

The national and provincial priorities, policies and strategies of importance include amongst others:

- Green Paper on National Strategic Planning of 2009;
- Government Programme of Action;
- Development Facilitation Act of 1995;

- Provincial Growth and Development Strategy (GGDS);
- National and Provincial spatial development perspectives;
- Relevant sector plans such as transportation, legislation and policy;
- National Key Performance Indicators (NKPis);
- Accelerated and Shared Growth Initiative (ASGISA);
- National 2014 Vision;
- National Spatial Development Perspective (NSDP) and
- The National Priority Outcomes.

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP.

Local priorities were identified as part of the IDP review process which is directly aligned to that of the national and provincial priorities. The key performance areas can be summarised as follows against the five strategic objectives:

1. Provision of quality basic services and infrastructure which includes, amongst others:
 - Provide electricity;
 - Provide water;
 - Provide sanitation;
 - Provide waste removal;
 - Provide housing;
 - Provide roads and storm water;
 - Provide town planning services; and
 - Maintaining the infrastructure of Kgatelopele.
2. Economic growth and development that leads to sustainable job creation by:
 - Ensuring there is a clear structural plan for Kgatelopele;
 - Ensuring planning processes function in accordance with set timeframes;
 - Facilitating the use of labour intensive approaches in the delivery of services and the building of infrastructure.
- 3.1 Fight poverty and build clean, healthy, safe and sustainable communities:
 - Effective implementation of the Indigent Policy;
 - Working with the provincial department of health to provide primary health care services;
 - Extending waste removal services and ensuring effective town cleansing;
 - Ensuring all waste water treatment works are operating optimally;
 - Working with strategic partners such as SAPS to address crime;
 - Ensuring safe working environments by effective enforcement of building and health regulations;
 - Promote viable, sustainable communities through proper zoning; and
- 3.2 Integrated Social Services for empowered and sustainable communities
 - Work with provincial departments to ensure the development of community infrastructure such as schools and clinics is properly co-ordinated with the informal settlements upgrade programme

4. Foster participatory democracy and Batho Pele principles through a caring, accessible and accountable service by:
 - Optimising effective community participation in the ward committee system; and
 - Implementing Batho Pele in the revenue management strategy.
- 5.1 Promote sound governance through:
 - Publishing the outcomes of all tender processes on the municipal website
- 5.2 Ensure financial sustainability through:
 - Reviewing the use of contracted services
 - Continuing to implement the infrastructure renewal strategy and the repairs and maintenance plan
- 5.3 Optimal institutional transformation to ensure capacity to achieve set objectives
 - Review of the organizational structure to optimize the use of personnel;

In line with the MSA, the IDP constitutes a single, inclusive strategic plan for Kgatelopele. The five-year programme responds to the development challenges and opportunities faced by Kgatelopele by identifying the key performance areas to achieve the five the strategic objectives mentioned above.

In addition to the five-year IDP, Kgatelopele undertakes an extensive planning and developmental strategy which primarily focuses on a longer-term horizon; 15 to 20 years. This process is aimed at influencing the development path by proposing a substantial programme of public-led investment to restructure current patterns of settlement, activity and access to resources in Kgatelopele so as to promote greater equity and enhanced opportunity. The strategy specifically targets future developmental opportunities in traditional dormitory settlements. It provides direction to Kgatelopele's IDP, associated sectorial plans and strategies, and the allocation of resources of Kgatelopele and other service delivery partners.

This development strategy introduces important policy shifts which have further been translated into seven strategic focus areas/objectives as outlined below:

- Developing dormant areas;
- Enforcing hard development lines – so as to direct private investment;
- Maintaining existing urban areas;
- Strengthening key economic clusters;
- Building social cohesion;
- Strong developmental initiatives in relation to the municipal institution as a whole; and
- Sound financial fundamentals.

Lessons learned with previous IDP revision and planning cycles as well as changing environments were taken into consideration in the compilation of the fourth revised IDP, including:

- Strengthening the analysis and strategic planning processes of Kgatelopele;
- Initiating zonal planning processes that involve the communities in the analysis and planning processes. More emphasis was placed on area based interventions, within the overall holistic framework;
- Ensuring better coordination through a programmatic approach and attempting to focus the budgeting process through planning interventions; and

- Strengthening performance management and monitoring systems in ensuring the objectives and deliverables are achieved.

The 2016/17 MTREF has therefore been directly informed by the IDP revision process and the following tables provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

Table 18 MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue

NC086 Kgatelopele - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)

NC066 Kgatelelope - Supporting Table SA4 Reconciliation of IDP Strategic objectives and budget (revenue)													
Strategic Objective	Goal	Goal Code	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework			
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	
R thousand													
Subtainable Services	Total Property Rates			6 009	8 087	9 550	10 218	10 218	10 218	11 295	11 995	12 703	
Subtainable Services	Service Charges - Electricity			13	16 815	17 927	20 193	20 193	20 193	22 545	23 943	25 356	
Subtainable Services	Service Charges - Water			5 736	6 337	7 842	8 483	8 483	8 483	8 556	9 083	9 623	
Subtainable Services	Service Charges - Sanitation			2 899	3 475	4 054	4 461	4 461	4 461	2 050	2 177	2 306	
Subtainable Services	Service Charges - Refuse			4 935	5 964	5 964	6 217	6 217	6 217	4 479	4 757	5 038	
Good Governance	Rental of Facilities and Equipment			26	24	259	260	260	260	96	102	108	
Good Governance	Library			438	11	–	–	–	–	53	56	59	
Good Governance	Interest earned - External Investment			57	26	27	130	130	130	151	161	170	
Good Governance	Finance			259	991	26 829	3 286	3 286	3 286	4 612	4 744	4 875	
Good Governance	Information Technical			800	890	990	–	–	–	–	–	–	
Good Governance	Parks & Recreation			7	8	–	–	–	–	–	–	–	
Good Governance	Cemetery			10	10	–	5	5	5	15	16	17	
Good Governance	Technical Services			–	2 665	–	12 707	12 707	12 707	72	76	81	
Good Governance	Public Services			1 025	943	943	–	–	–	38	39	60	
Good Governance	Municipal Building			84	14	520	–	–	–	19	20	21	
Good Governance	Licences, Fines					150	194	194	194	2 720	2 734	2 748	
Good Governance	Transfers-Operational grants						21 917	21 917	21 917	22 464	23 416	23 810	
Allocations to other priorities				2									
Total Revenue (excluding capital transfers and contributions)				1	22 298	46 260	75 055	88 071	88 071	88 071	79 164	83 319	86 975

Table 19 MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted expenditure.

NC086 Kgatelopele - Supporting Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure)

Strategic Objective	Goal	Goal Code	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework			
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	
R thousand													
Sustainable Service	Water						6 983	6 983	6 983	7 413	8 287	9 369	
Sustainable Service	Electricity , Street Lights						34 005	34 005	34 005	21 779	23 129	24 494	
Sustainable Service	Waste Water Management Sewerage						5 842	5 842	5 842	3 243	3 444	3 647	
Sustainable Service	Waste Management Refuse						4 522	4 522	4 522	3 429	3 641	3 856	
Sustainable Service	Health						551	551	551	–	–	–	
Sustainable Service	Public Works						2 100	2 100	2 100	3 955	4 200	4 448	
Sustainable Service	Cementries						178	178	178	50	53	56	
Sustainable Service	Municipal Building, Properties						153	153	153	3 331	3 537	3 746	
Good Governance	Executive & Council						2 572	2 572	2 572	3 218	3 417	3 619	
Good Governance	Municipal Manager						659	659	659	3 859	4 098	4 340	
Good Governance	Human Resource, LED,IDP, Corporate Services, Technical Services						4 579	4 579	4 579	8 727	9 268	9 815	
Good Governance	Financial Management - Chief Financial Officer, Budget & Treasury Office, IT						9 737	9 737	9 737	13 736	14 588	15 449	
Social development	Library & Arts & Culture						557	557	552	513	544	577	
Social development	Parks & Sport, Puplic Services						1 131	1 131	1 131	3 955	4 200	4 448	
Safety & Security	Fire Services						–	–	–	–	–	–	
Sustainable Service	Licensing & Traffic						1 800	1 800	1 800	1 627	1 728	1 830	
Social development	Tourism									–	–	–	
Sustainable Service	Housing									50	53	56	
Allocations to other priorities													
Total Expenditure				1	–	–	–	75 369	75 369	75 364	78 883	84 189	89 748

2.3 Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, Kgatelopele has not yet developed and implemented a performance management system.

At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during the last stage, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages. The planning, budgeting and reporting cycle can be graphically illustrated as follows:

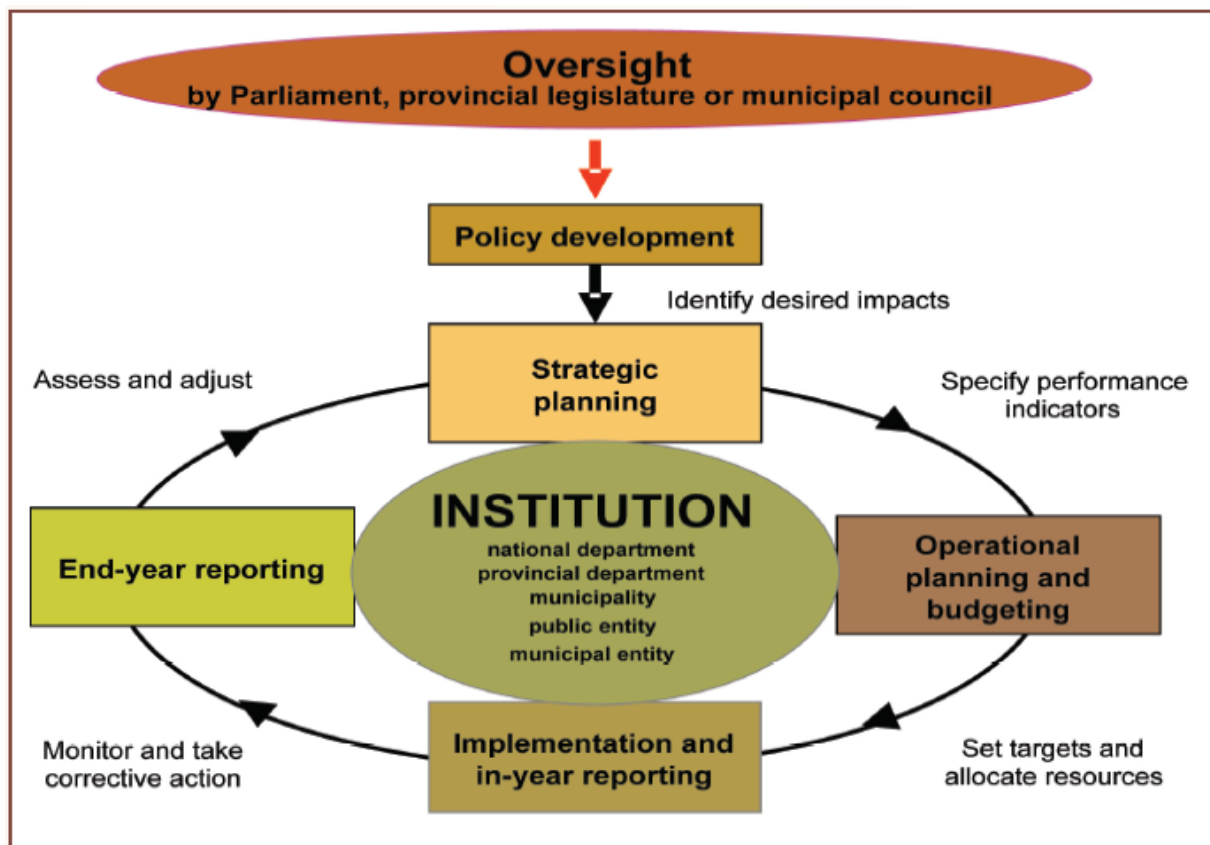


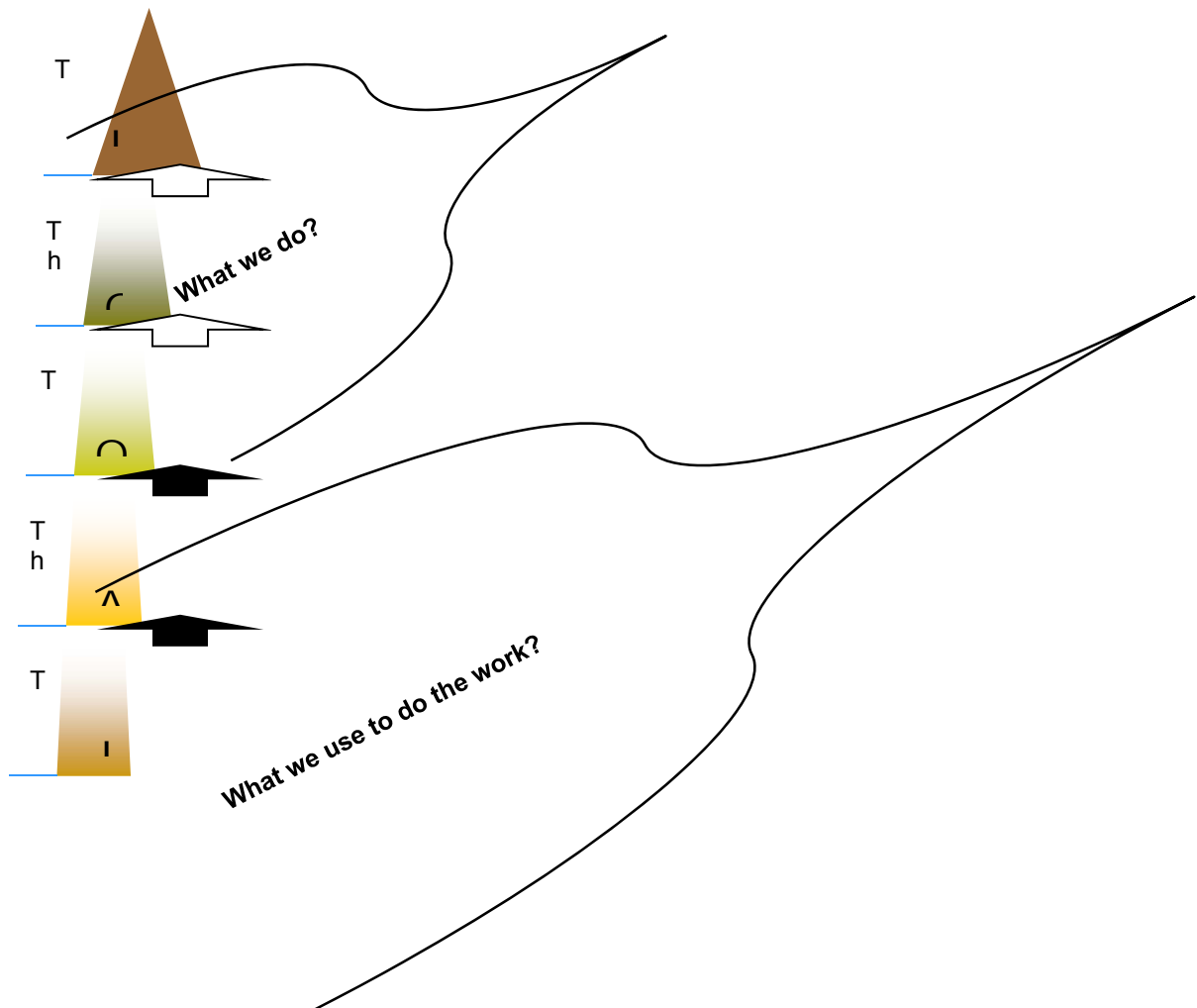
Figure 1 Planning, budgeting and reporting cycle

The performance of Kgatelopele relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. Kgatelopele therefore has adopted one integrated performance management system which encompasses:

- Planning (setting goals, objectives, targets and benchmarks);
- Monitoring (regular monitoring and checking on the progress against plan);
- Measurement (indicators of success);
- Review (identifying areas requiring change and improvement);

- Reporting (what information, to whom, from whom, how often and for what purpose); and
- Improvement (making changes where necessary).

The performance information concepts used by Kgatelopele in its integrated performance management system are aligned to the **Framework of Managing Programme Performance Information** issued by the National Treasury:



Kgatelopele's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies.

Code of conduct

Conditions of service

HIV Aids Policy

Wellness Policy

Transfer Policy

Substance Abuse Policy

Smoking Policy

Sexual Harassment Policy

Employment Equity Policy

Recruitment, Screening and Selection Policy

New Employee induction Policy

Occupational Health and Safety

Unauthorised Absence Policy

Benefits Policy

Disciplinary Policy

Grievance Policy

Skills Development Policy

Incapacity: Ill health / injury Policy

Managing Poor performance Policy

Relief Employment Policy

Acting allowance Policy

Relief employment policy

Acting allowance policy

Employee Performance Management Policy

Tariff policy

Rates Policy

Inventory policy

Credit Control Policy

Indigent Policy

SCM policy

Subsistence & traveling policy

Distribution losses policy

Cash and investment policy

Borrowing Policy

Bad debt policy

Fruitless, wasteful, unauthorised expenditure policy.

2.3.1 General inflation outlook and its impact on the municipal activities

There are five key factors that have been taken into consideration in the compilation of the 2016/17 MTREF:

- National Government macro-economic targets;
- The general inflationary outlook and the impact on Kgatelopele's residents and businesses;
- The impact of municipal cost drivers;
- The increase in prices for bulk electricity and water; and
- The increase in the cost of remuneration. Employee related costs comprise 33% of total operating expenditure in the 2016/17 MTREF and therefore this increase above inflation places a disproportionate upward pressure on the expenditure budget.

2.3.2 Collection rate for revenue services

The base assumption is that tariff and rating increases will increase at a rate slightly higher than CPI over the long term. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecasted term.

The rate of revenue collection is currently expressed as a % (48.7%) of annual billings. Cash flow is assumed to be 49% of billings, plus an increased collection of arrear debt from the revised collection and credit control policy. The performance of arrear collections will however only be considered a source of additional cash in-flow once the performance has been carefully monitored.

2.3.3 Growth or decline in tax base of the municipality

Debtor's revenue is assumed to increase at a rate that is influenced by the consumer debtor's collection rate, tariff/rate pricing, real growth rate of Kgatelopele, household formation growth rate and the poor household change rate.

Household formation is the key factor in measuring municipal revenue and expenditure growth, as servicing 'households' is a greater municipal service factor than servicing individuals. Household formation rates are assumed to convert to household dwellings. In addition the change in the number of poor households influences the net revenue benefit derived from household formation growth, as it assumes that the same costs incurred for servicing the

household exist, but that no consumer revenue is derived as the 'poor household' limits consumption to the level of free basic services.

2.3.4 Salary increases

The collective agreement regarding salaries/wages came into operation on 1 July 2015 and shall remain in force until 30 June 2018. Year two and three is an across the board increase of 7.2% and 6.9% respectively.

2.3.5 Ability of the municipality to spend and deliver on the programmes

It is estimated that a spending rate of at least 90% is achieved on operating expenditure and 98% on the capital programme for the 2016/17 MTREF of which performance has been factored into the cash flow budget.